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Thatcher Says 14,800 Surrender

Britain Asks Argentina's Pledge That All Hostilities Are Ended

LONDON — As the Union Jack flew again over the governor's house in Stanley on Tuesday, Prime Minister Margaret Thatcher said that 14,800 Argentine prisoners of war were in British hands in the Falkland Islands. She sought assurances from Argentina that all hostilities were ended.

She told the House of Commons that the Argentine commander, Gen. Mario Benjamín Menéndez, had handed over all arms and equipment in the surrender of his forces on East and West Falkland islands at 1 a.m. London time (9 p.m. Monday in the Falklands).

The Buenos Aires government announced that Gen. Menéndez and Maj. Gen. Jeremy Moore, commander of the British forces in the Falklands, had drawn up a document "establishing the conditions for a cease-fire and the withdrawal of the Argentine troops."

The communiqué made no mention of surrender but said the document would be made public when the text was available.

Britain sent a message to Buenos Aires, through the Swiss government, "seeking confirmation that Argentina, like Britain, considers all hostilities between us in the South Atlantic, and not just on the Falkland Islands themselves, at an end," Mrs. Thatcher said.

Until Argentina confirms the to-

tal cease-fire, Britain will hold some of the prisoners, including commanders and officers, Mrs. Thatcher said. "This must be established with clarity and without delay," she said.

Government sources told the Press Association, Britain's domestic news agency, that 14,800 Argentine had been taken prisoner, 11,000 of them in the besieged capital, Stanley.

Casualty Reports

Mrs. Thatcher disclosed with a "deep sense of loss" that "some 250 British servicemen and civilians" had been killed in the 10-week conflict. Argentina's latest report on casualties, from the United Nations in New York, said that more than 430 of its troops were dead or missing. Three civilians were reported slain in British bombardment of Stanley on Saturday night.

"They died that others may live in freedom and justice," Mrs. Thatcher said of the British troops.

In Washington, President Reagan said Tuesday that the United States welcomed the end of fighting and was ready to help resolve the conflict between Britain and Argentina. Mr. Reagan's statement referred to the "cease-fire" in the Falklands.

Larry M. Speakes, deputy White House press secretary, said Mr.

Reagan had had no contact with Mrs. Thatcher or Argentine authorities since the cease-fire.

He said the United States wants Britain and Argentina to "arrange the permanent solution," adding, "Certainly it's not the U.S. role to dictate."

In Strasbourg, France, it was announced that the European Economic Community would lift its embargo on imports from Argentina as soon as there is an assurance that the cease-fire is fully observed.

The cease-fire is still not complete. It has been applied in the islands, but not yet in the air and at sea. The boycott will be lifted as soon as it is fully effective, Foreign Minister Leo Tindemans of Belgium, chairman of the EEC Council of Ministers, said at a press conference Tuesday.

On April 17, the community agreed to embargo Argentine exports to Europe for one month, and on May 24 the ban was extended indefinitely by eight countries. Italy and Ireland decided to end the embargo but pledged not to let Argentine exports move through their territories into the other countries.

Mrs. Thatcher announced that the Falklands governor, Rex Hunt, deposed by Argentine invasion forces April 2, would return to the islands as a civilian adminis-

trator. British troops were on their way to West Falkland Island to organize the surrender of Argentine troops, she said.

There are "immense practical problems" in repatriating the prisoners, because Stanley, with its 600 civilians and 11,000 Argentine troops, is short of shelter, the water supply has been disrupted and mines have to be cleared.

Mrs. Thatcher rejected a call by the Labor Party leader, Michael Foot, for consideration of a UN trusteeship for the islands, rather than a return to British sovereignty.

"I cannot agree that those men risked their lives in any way to have a United Nations trusteeship," she said. "We want to recapture the islands, to restore British sovereignty, to restore British administration. That was our objective; I believe we have achieved it."

No Role for Argentina

Asked whether Argentina would be given any role in the islands' future, she said: "No, sir."

The government will not seek compensation from Argentina for losses and damage, she said.

British Defense Ministry sources said 11,000 Argentine soldiers had laid down arms in Stanley alone. The figure astonished British commanders, who had estimated Ar-

gentine troop strength on the Falklands at 8,500, the sources said.

Aides to Mrs. Thatcher said she was considering a visit to the Falklands and had postponed her scheduled address Wednesday at the UN special session on disarmament in New York.

Queen Elizabeth II, whose son Prince Andrew, 22, is a helicopter pilot with the Falklands task force, was "delighted and relieved" at the news, her press secretary, Michael Shea, said Tuesday.

Three-Pronged Attack

The Argentine junta reported Monday that the commander of its soldiers around Stanley had agreed to a cease-fire as British forces swarmed forward in a three-pronged attack on the port town. But the Joint Chiefs of Staff said there had been no official truce or surrender.

A high British government source said that many of the Argentine soldiers were suffering from exposure, exhaustion and frostbite, and that food was in short supply.

But British correspondents quoted islanders as saying the Argentine had beaten the British air-and-sea blockade right up to the eve of the final British assault. They said Hercules transport planes landed at the Stanley air-

field as late as Sunday night and the container ship *Formosa* had arrived May 1 with food and supplies.

Argentina sent troops ashore April 2 and defeated a contingent of 80 British marines, prompting Britain to dispatch a fleet that eventually numbered 100 warships and merchant vessels. Argentina claims Britain took the islands by force in 1833 from the Argentine administration.

Argentina's jets sank five British ships, Argentina's major naval loss was the sinking of its only cruiser, the General Belgrano, by a British submarine. Both countries say they shot down scores of enemy aircraft.

Argentina had massed its troops for a showdown at Stanley, on the eastern edge of East Falkland. The British began tightening the noose around the Argentine garrison last week when they seized ridges and hills 15 miles (24 kilometers) west of the capital.

British troops then pushed down from the high ground in a series of assaults, punching holes through Argentina's defense lines. Almost 6,000 British troops reportedly made the final assault, pouring over trenches and machine-gun nests as they seized Tumbledown Mountain and Wireless Ridge about a mile from Stanley.



Maj. Gen. Jeremy Moore, commander of British forces in the Falklands, displayed the signed Argentine surrender Tuesday.

Clash With Syrians Reported by Israel; Begin Goes to U.S.

TEL-AVIV — Israel said Tuesday that its forces had traded fire with Syrian and Palestinian units near Beirut in an exchange that ended the five-day-old cease-fire with Syria.

The new fighting was reported by Prime Minister Menachem Begin to the United States to seek U.S. backing for a peace plan for Lebanon.

In Washington, Mr. Begin is expected to seek U.S. support for a 25-mile (40-kilometer) demilitarized zone in southern Lebanon and to discuss the possibility of U.S. troops serving with an international force to keep guerrillas out of southern Lebanon, on Israel's northern frontier.

The Israeli military command said that Syrian and Palestinian units "opened up with tank and artillery fire at Israeli forces east of Beirut," and that Israeli forces returned the fire.

"It was the first time since last Friday that Israel, whose forces now surround Beirut, had reported fighting with the Syrians."

Israel had also not reported any major clashes in the last 24 hours with the 5,000 to 6,000 Palestinian guerrillas inside the city.

A Lebanese television reported an Israeli tank on Tuesday evening and warned that an Israeli assault on the city was possible.

At the same time, forces of the Palestine Liberation Organization trapped in West Beirut traded machine-gun and artillery fire with Christian forces that have linked up with the Israeli Army.

The Lebanese state television announced that the battle near the airport lasted more than four hours. It said that Israeli tanks and armored personnel carriers had deployed in an arc stretching from the city's embattled southern beaches to the hills overlooking the northeastern outskirts.

The broadcast said that the Syrians closed a section of the Beirut-Damascus highway and several other branch roads leading out of the Lebanese capital in order to seal off troops and tanks in the mountain region above the Israeli arc.

The Palestinians in Beirut have said that they would fight to the death if Israeli forces entered the capital. Israel has said it does not seek to conquer the city, but it has demanded that the guerrillas be disarmed and removed.

U.S. intelligence sources, meanwhile, said Tuesday that the Soviet Union is expected to increase its warships within the next few days to underscore its demand that Israel withdraw from Lebanon.

A specialist in Washington indicated that the expected move is (Continued on Page 2, Col. 5)



Police broke up a demonstration in front of Casa Rosada, the presidential palace, in Buenos Aires on Tuesday. The demonstrators urged the government to go on fighting in the Falklands.

Soviet Union, at UN, Renounces A First Use of Nuclear Weapons

UNITED NATIONS, N.Y. — The Soviet Union announced Tuesday that it would not be the first to use nuclear weapons in Europe and invited the United States to assume "an equally precise and clear obligation."

"Should a nuclear war start, it could mean the destruction of human civilization and perhaps the end of life itself on Earth," said Foreign Minister Andrei A. Gromyko in delivering a message from the Soviet leader, Leonid I. Brezhnev, to a special UN session on disarmament.

Without the U.S. nuclear umbrella the United States and its allies would have to increase vastly their troop strength and nonnuclear weapons in Europe to match a preponderant Soviet advantage.

Kenneth Adelman, the deputy (Continued on Page 2, Col. 7)

Moderate Arabs Aided By Crisis, Shamir Says

ISRAEL HOPES THAT WEAKENING PLO WILL BRING MIDEAST PEACE PROGRESS

By Joseph Fitchett
International Herald Tribune

PARIS — Israel's foreign minister, Yitzhak Shamir, said Tuesday that Israel's invasion of Lebanon has "desperately weakened" the Palestine Liberation Organization and has opened the way for Arab concessions in future peace talks with Israel — in effect, causing a basic political shift in favor of moderate Arabs in the Middle East.

"The role and influence of the PLO will be reduced in the Arab world. They can no longer mount threats against governments interested in peace plans," Mr. Shamir said in an interview.

He dismissed suggestions, current among Arab commentators, that Israel's invasion will fuel Arab extremism and undermine moderate Arab governments by exposing them to propaganda attacks from Iran's mullahs and other Moslem fundamentalists for failing to aid the Palestinians effectively.

Mr. Shamir's remarks, made between meetings with French leaders, apparently summed up the arguments that Israel is presenting for the West.

He confirmed Israel's determination to withdraw from Lebanon only after the emergence of a Lebanese central government capable of subduing the Syrians and Pale-

stinians in Lebanon and working with an international force — preferably including U.S. and European units — to secure a 45-kilometer (28-mile) buffer zone in southern Lebanon on Israel's northern border.

Mr. Shamir said the broader impact of Israel's military success has created favorable conditions for:

- A settlement of Lebanon's festering civil war. He said that Israel, by its temporary occupation of part of the country, has reduced Syrian and Palestinian pressure on Lebanon at a moment when Lebanese factions are ready for national reconciliation.
- Progress on the autonomy negotiations concerning Palestinians under Israeli occupation on the West Bank.
- More peace treaties between Israel and individual Arab countries, starting with Lebanon, apparently along the Egyptian-Israeli model of mutual recognition and a U.S.-organized Western buffer force.

Further reductions in Soviet influence in the Middle East because of the damage suffered by "the Soviet protégés, the PLO and Syria."

Mr. Shamir, although reluctant to divulge detailed Israeli exchanges with foreign governments, indicated that he expects U.S. and European support for the broad Israeli thinking about how to convert the military successes into permanent political gains.

This emphasis on military strength as the key factor in in-



Yitzhak Shamir

fluencing Middle Eastern psychology cropped up repeatedly in Mr. Shamir's analysis during a wide-ranging discussion. He was on a three-day visit to France, which, under President François Mitterrand, has become more sympathetic to Israel.

Mr. Shamir met later Tuesday with External Relations Minister Claude Cheysson, who said France saw the invasion as a violation of international law. Foreign Ministry sources said Mr. Shamir and Mr. Cheysson met with Mr. Mitterrand.

Mr. Shamir, 67, who was a member of the Stern terrorist organization in Israel's fight for independence, became foreign minister in 1980 despite his personal opposition to the Camp David peace treaties with Egypt. He also opposed removing Israeli settlements from Sinai.

On Tuesday he repeated his hard-line view that "Palestinians already have a Palestinian Arab state in present-day Jordan east of the Jordan river" and that no Palestinian entity is needed in the Israeli-occupied West Bank.

Mr. Shamir frequently avoided (Continued on Page 2, Col. 4)

Mitterrand Rejects U.S. Campaign For Economic War Against Russia

PARIS — France will reject efforts by the Reagan administration to enlist Western Europe in a campaign of economic warfare against the Soviet Union, President François Mitterrand said Tuesday.

In an interview at the Elysée Palace, Mr. Mitterrand stressed that France was prepared to cooperate with the United States in "defensive measures" against the Russians "to contain their ambitions, to resist their advances, to block their penetration." But he firmly came out against a strategy based on the notion that trade and financial restrictions will seriously undermine Soviet determination and strength.

President Reagan, Defense Secretary Caspar W. Weinberger and national security adviser William P. Clark are among the U.S. officials who have laid out such a strategy in public statements asserting that the Soviet economy is crumbling and vulnerable to such pressures. This view was a cornerstone of U.S. proposals at the economic summit meeting in Versailles and the NATO summit in Bonn.

"We are not going to wage any kind of war on the Russians," the French leader said. "You have to be very serious about such a course. It could lead to a real war. If economic embargo is a first act of war, it risks being caught up by a second. No, it is not the right move. Obviously, at the same time, we will do nothing that needlessly builds up Soviet military potential."

In his first year in power, Mr. Mitterrand has given surprisingly strong public support to the

Reagan administration's strategic rearmament program, and that support has helped defuse leftist opposition to the scheduled deployment of a new generation of U.S. missiles in Europe. At several points in the 45-minute discussion on Friday afternoon, he expressed the strongest commitment to NATO that any French leader has given since De Gaulle withdrew from the alliance's integrated military command.

But Mr. Mitterrand's comments suggested that the two summit meetings had left a wide and possibly growing gap between U.S. and European assessments of how to deal with the Soviet Union. The overall tone, rather than anything specific that he said, raised the possibility that French-U.S. cooperation on East-West issues may have reached its limits after a surprisingly harmonious year.

Despite a demanding schedule in recent weeks that included hosting the Versailles summit meeting, a trip to Bonn for a dinner preceding the NATO meeting and a two-hour news conference, the 65-year-old president appeared in a relaxed, at times impish, mood.

There were also some signs of irritation over the failure of a meeting of the seven major industrialized non-Communist countries at Versailles to go very far in lowering what Mr. Mitterrand called "their internal competition, which is going on in unacceptable ways." He criticized unnamed U.S. officials who, he said, had agreed inside the summit meeting to study intervention in exchange markets and then held news conferences saying that the agreement had no importance.

The discussion between Mr.

Mitterrand and two U.S. journalists took place immediately after the president had met with the Saudi foreign minister, Prince Saud al-Faisal, on the crisis in Lebanon, and just before a session with his prime minister, Pierre Mauroy, to discuss emergency measures to shore up the French economy, hurt by 14-percent inflation, a falling franc and high unemployment. On these and other subjects, Mr. Mitterrand made these points:

- He continues to be far more friendly toward Israel than any of his predecessors, despite what he sees as the "error" of the invasion of Lebanon. He said that, even if Israel succeeded in eliminating the Palestine Liberation Organization as a military and political force, "it would do nothing to change the right of a people to have a country. That would be a brutal kind of reasoning."
- He suggested that the United States and the Soviet Union bear some of the responsibility for the latest Middle East tensions by "sparring with each other like boxers" through their regional allies, Israel and Syria. "I have the impression that the two superpowers have been letting their allies go just as far as they can, up to the very point where it would be going too far... There are limits. And with Israel in this moment, the limits seem large... It is not a question of powerlessness by the superpowers."
- French-West German security discussions are producing closer understanding on military strategies. Mr. Mitterrand declined to answer directly when asked if that understanding would include a (Continued on Page 5, Col. 2)



François Mitterrand

INSIDE

- Salvadoran government troops and guerrillas are engaged in what a spokesman says is perhaps the fiercest combat of the two-and-a-half-year war. Page 3.
- Pope John Paul II called in Geneva for a "new solidarity without frontiers" in a speech to the I.L.O. He stressed that trade unions able to operate in "full independence from the political authorities" are essential for the forming of a "society of solidarity." Page 5.
- Hungary demolished El Salvador, 10-1, Scotland beat New Zealand, 5-2, and Cameroon, a first-time qualifier and a 2,000-to-1 long shot in the World Cup, held Peru to a scoreless tie in soccer championship play. Page 19.
- Only three years after dictator Idi Amin was driven from power, Ugandans say they are undergoing a fresh ordeal. Page 3.

U.S. Informs UN Members of Shift In Its Stand on Israeli Withdrawal

By Don Oberdorfer
and John M. Goshko

WASHINGTON — The United States, which has moved increasingly away from supporting unconditional Israeli withdrawal from Lebanon, has informally told members of the United Nations that this is no longer a realistic avenue for resolving the crisis.

A senior U.S. official at the United Nations said that this view had been conveyed on Monday in informal consultations with other members of the Security Council. He said that "the situation has moved beyond Resolution 509," a reference to the council's unanimous demand on June 6 that Israel "withdraw all its military forces forthwith and unconditionally."

The official also said that the United States had not decided whether to support a continuation

of the UN peacekeeping role in southern Lebanon. That role is due to expire on Saturday.

These developments came as Secretary of State Alexander M. Haig Jr. met with the Egyptian foreign minister, Kamal Hassan Ali. According to Egyptian diplomatic sources, Mr. Ali counseled Mr. Haig against linking the withdrawal of Israel from Lebanon with that of Syrian and Palestinian forces.

Nevertheless, Mr. Haig, in a television interview on Sunday, and other officials in public statements on Monday, appeared to be supporting such conditions for the Israeli withdrawal.

The U.S. official at the United Nations, who asked not to be quoted by name, said that the demand for unconditional Israeli withdrawal was "no longer adequate to the needs of the situation." He pointed instead to the activities of the spe-

cial U.S. envoy to the Middle East, Philip C. Habib, who was in Beirut on Monday seeking a basis for strengthening the Lebanese government.

Dean E. Fischer, the State Department spokesman, denied on Monday that instructions had gone out to inform any other nations that Resolution 509 was no longer relevant. "We stand by the UN vote," he said.

At the same time, a State Department official said that in order to achieve an Israeli withdrawal, "it is necessary to work within the realm of the possible." This evidently referred to Israel's position that it will not withdraw its forces until it is assured of the pullout of Syrian and Palestinian military forces from Lebanon.

Mr. Fischer, asked where the United States expected the Palestinian fighters to go, said on Monday that "Palestinians who remain in Lebanon would have to be subservient to the central government." At another point, he said that Palestinians remaining in Lebanon should be prepared to "accept the authority" of the Lebanese government.

Stand on Weapons

were ruled before 1967 by Jordan and Egypt, respectively.

Israel maintains, however, that since 1967 it has unilaterally applied the terms of the Geneva Conventions to the West Bank and Gaza.

An Army Command source, after checking with an army legal adviser, said, "By the definition of the Geneva Convention, they [Palestinian guerrillas] are not prisoners of war, even though they might have been combatants captured in battle. They are terrorists."

Pressed to elaborate on the distinction, the source replied, "Ask our pilots captured by the Syrians whether they got treatment under the Geneva Convention."

Refusal to grant internationally recognized prisoner-of-war status to the guerrillas apparently is the result of a political decision stemming from a reluctance of Israeli officials to recognize the Palestine Liberation Organization as a legitimate armed force.

Prisoners of war, according to the Fourth Geneva Convention of 1949, include "members of armed forces, militias and voluntary corps, including organized resistance movements." Members of resistance movements are defined as being commanded by a person responsible for subordinates, having a "fixed, distinctive sign recognizable at a distance," carrying arms openly, and conducting their operations "in accordance with laws and customs of war."

While some of the criteria may be arguable, a military source said, the guerrillas clearly have not met the last one.

Israel Calls Prisoners Terrorists, Not POWs

By William Claiborne

WASHINGTON — The thousands of Palestinian guerrillas captured in the Israeli invasion of Lebanon are not being regarded as prisoners of war protected by the Geneva Conventions, according to Israeli military sources.

"They are terrorists. We don't refer to them as prisoners of war," an Israeli Army Command source said. He emphasized, however, that the treatment of the captured guerrillas will be subject to review by the International Red Cross and that Israel will make certain that their treatment does conform to Geneva Convention standards.

The issue is understood still to be under discussion in the Army Command, but military sources said Palestinians in Lebanon would be accorded protection under the Geneva Convention provisions governing treatment of civilian populations in occupied territories.

Though Israel is a signatory to the Geneva Conventions, it has claimed since the 1967 Six-Day War that the conventions are not applicable to the West Bank and Gaza Strip because the status of the territories was unclear before the war. The West Bank and Gaza

Dutch Broadcasting Strike

HILVERSUM, Netherlands — Dutch radio and television stations went off the air at noon Tuesday when 5,000 broadcast union members walked out for shorter working hours.



Prime Minister Margaret Thatcher responded to cheers Tuesday as she left Downing Street for the House of Commons.

Crisis Helps Moderates In Mideast, Shamir Says

(Continued from Page 1)

specifics about Israel's political intentions in Lebanon, but his comments revealed that Israeli leaders see the military operation in Lebanon as having implications far beyond the security of Israel's northern border.

He indicated that Israel has ended Lebanon's recent role as a stronghold for Arab and international terrorism and has shown that there is a new balance of power in the Middle East.

Asked about the potential for Iranian and other extremists to profit from Arab governments' apparent dismay after Israel's actions, Mr. Shamir said that Ayatollah Ruhollah Khomeini's influence "comes from Iraq's invasion of Iran," which led to a crushing Iranian victory in the Gulf. Iranian ability to affect Arab public opinion will "not alter significantly because of Israel's actions in Lebanon," he said.

Rather than giving extremists an opening, he said, Israel had smashed what he called the PLO's ability to threaten moderate Arab governments.

In keeping with his argument that Israel is fostering Lebanese changes without imposing its own solutions, Mr. Shamir avoided giving any specific Israeli preferences about the composition of a future Lebanese government.

Elaborating on his view of the Arab political situation, Mr. Shamir characterized the Palestinians as having been cursed by a series of extremist leaders, whose grip, he said, has now been broken.

In the West Bank, he said, "there are lots of Palestinians who want to cooperate with us, and now they won't be intimidated."

Asked about reported U.S. pressure on Israel, Mr. Shamir said that American leaders "always want to stop fighting," but he indicated that he expected U.S. support for the main points of Israel's political strategy after the fighting ends.

New Fighting In Lebanon

(Continued from Page 1)

viewed as a demonstration of Soviet support for the Arab cause rather than a military threat.

The U.S. special envoy, Philip C. Habib, held talks Tuesday with Lebanese leaders in Beirut, seeking a formula to avert further bloodshed. The Israeli chief of staff, Lt. Gen. Rafael Eitan, said that he plans to block the city from land and sea.

Gen. Eitan said Israeli troops have killed 2,000 Palestinian guerrillas and 1,000 Syrian troops and taken 6,000 guerrillas and 60 Syrians prisoner. About 170 Israeli soldiers have been killed and 700 injured, he said. He added that the prisoners included members of Italian and West German terrorist groups.

Gen. Eitan also said that the PLO leader, Yasser Arafat, had taken refuge in a foreign embassy in Beirut. Israeli newspapers said Mr. Arafat was believed to be in the Soviet Embassy.

EEC Puts Off Aid to Israel

STRASBOURG, France (Reuters) — The European Economic Community has deferred signing a new \$40-million aid agreement with Israel because of the Lebanese conflict, the EEC Council of Ministers president, Leo Tindemans, said Tuesday.

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With Tears and Anger, Argentines Finally End Their Malvinas Party

By Dial Torgerson

BUENOS AIRES — With tears and anger, and now and then an admission of fault, Argentines realized Monday that after 74 days the Malvinas party was over.

What had been the festival atmosphere of early April had turned by Monday's twilight into the end of a dream — and the failure of an adventure. As they learned of the cease-fire in the Falkland Islands, which they call the Malvinas, Argentines repeated the same phrase: "It's all over."

People gathered in front of the office of the newspaper La Nacion to read the military communiqués as they were posted in the windows. The mood was grim. Some people wept.

They waited for news of what kind of peace would be imposed on the Falklands, which they have been conditioned by 10 weeks of propaganda to call "our Malvinas."

A man of about 25 asked a knot of bystanders, "Why did we do all this — to get nothing?"

Argentines by the tens of thousands had gathered in April in the Plaza de Mayo to cheer the action of the country's military government in seizing the Falklands from Britain. Until the last few weeks almost no one in Buenos Aires would admit in public that it might have been an error.

On Monday, what must have been long-hidden doubts began to surface.

A middle-aged man, bundled against chill winds of what was, by coincidence, the first frigid day of the Southern Hemisphere's late fall, said, "We ought to replace the junta." Another replied, "What would we get? Three cow faces."

The three members of the military junta gathered late Monday at the Casa Rosada, the pink house that goes over the presidential palace, to go over the terms that Britain was offering for surrender of the Argentine garrison at Stanley.

In better weather and happier times crowds had waved the blue and white Argentine flag and cheered junta members in and out. On Monday, in the early evening, only two U.S. television crews stood vigil.

But leaped and chanted, "Do not surrender!" and "Give us machine guns."

It seemed to some they were there to embarrass the government of Leopoldo F. Galtieri. The TV crews were ordered away and the demonstrations never reached large proportions.

"Rude Awakening"

Maria Caruso, a government translator, said, "It has been a rude awakening for our people."

"They thought on April 2 that it was a big party, a fiesta. They had never seen a war. They didn't realize that it could come to this."

No Argentines seemed willing to give up their country's claim to the islands, which lie off the southern coast 1,200 miles (1,920 kilometers) southeast of Buenos Aires. Britain took over the islands in 1833.

Argentines were bitter Monday over the way the recovery operation had turned out.

Asked whether Argentines will feel humiliated, Anna Mastroratti, a secretary, said, "It depends on the terms. If it doesn't come out honorable and fair, it will mean that it has all been wasted — all the lives."

"And people will wonder: Why didn't we accept United Nations mediation a month ago?"

Julian Randle, 19, a reserve officer, said, "I love my country. I love my Malvinas, but I think it's a good thing that it's over. I'm glad for the men from my reserve unit who are there that the fighting is finished."

"I think it's an honorable defeat. The British got much more than they were bargaining for. And we wouldn't have lost if it hadn't been for the help they got from the Americans."

Over winding down of the South Atlantic war had received little attention in this sophisticated city earlier Monday, when almost everyone was busy watching a Latin favorite, Brazil, beat Russia 2-1 in

South Africa Renews Ban on Guerrilla's Wife

JOHANNESBURG — Nontsikelo Albertina Sisulu, the wife of the jailed secretary-general of the African National Congress, Walter Sisulu, has been banned for two more years. A previous banning order, Mrs. Sisulu's fourth, expired nearly a year ago. Mrs. Sisulu, 64, has spent 17 years under restrictions.

Banning, a kind of internal exile, is used by the white-minority government to silence critics of its apartheid policies. Earlier Monday, Mrs. Sisulu was among about 250 people released from overnight detention after attending a memorial service for a black union leader and two members of the African National Congress, a black nationalist guerrilla group.

the World Cup soccer championships in Spain.

When the score was 1-0 for the Russians, the television program was interrupted with the announcement that the Argentine commander in the islands was meeting with the British commander, apparently to discuss surrender terms.

What did he think of the situation? A newsmen asked a tall, young Argentine in a flashy suit, watching TV at the Sheraton Hotel bar. "Terrible," he said. "Just terrible. But predictable." Why? "The Russians have more discipline," he said.

No, the reporter said, about the war, not the game. "Oh, that," he said. "That was predictable, too."

WORLD BRIEFS

U.S. Arrests Fugitive CIA Ex-Agent

WASHINGTON — Edwin P. Wilson, a fugitive former CIA agent charged with aiding Libya, was arrested Tuesday in New York after he arrived on a flight from the Dominican Republic.

Mr. Wilson was indicted by a federal grand jury in 1980 on charges of conspiring to commit murder and illegally supplying explosives to Libya. He also was charged with setting up a terrorist training school in that country. Another former CIA agent, Frank E. Terpil, has been convicted and sentenced in absentia to a maximum of 53 years in prison on charges of conspiring to sell arms.

Attorney General William French Smith said that Mr. Wilson tried to enter the Dominican Republic on Tuesday morning but was denied entry by Dominican authorities and placed on a flight to New York City, where he was arrested.

Soviet Protester May Get Treatment

MOSCOW — Yuri Bolovenkov, on a hunger strike for the right to leave the Soviet Union and join his wife and daughter in Baltimore, said Tuesday he might accept intravenous feeding to save his life.

The U.S. and West German embassies presented diplomatic notes to the Soviet Foreign Ministry asking that urgent consideration be given to the request of two men still on a hunger strike to emigrate, diplomatic officials said.

A former computer programmer, Mr. Bolovenkov belongs to a self-styled "divided families group," which began a hunger strike on May 10. Three members of the group, including the daughter of a three-star general, have been promised exit visas.

Danes Snag EEC Fishing Agreement

LUXEMBOURG — France and Britain Tuesday said they would press for early agreement on a proposed European Economic Community fisheries policy, but Danish objections could foreshadow prolonged wrangling.

Danish Agriculture Minister Karl Hjortnaes described the plan as unacceptable because it failed to take into account what the Danes consider to be traditional fishing rights.

A policy to share catches in the EEC's lucrative fishing grounds has eluded governments for five years. Diplomats said Britain and France seem close to solving the issue of access by foreign fishing boats to British coastal waters.

Bonn Denies Coalition Is Near Split

BONN — Government spokesman Klaus Bölling, confronted by rumors of an expected breakup of the coalition government, denied on Tuesday that Chancellor Helmut Schmidt would resign. In a radio interview, he said that Mr. Schmidt was determined to serve out his term until its expiration in 1984.

Mr. Schmidt is certain, Mr. Bölling said, that Foreign Minister Hans-Dietrich Genscher, the chairman of the Free Democratic Party, which holds the balance of power in the parliament, would not bring down the government by deserting the coalition with Mr. Schmidt's Social Democratic Party.

The interview brought into the open a discussion on the future of Mr. Schmidt's government that began with the defeat of the coalition parties in an election in the city-state of Hamburg on June 6. Unidentified Social Democrats have been quoted as saying that the Free Democrats were waiting for an excuse to leave the government.

35 Sentenced for Italian Oil Fraud

MILAN — Three members of a family at the heart of a giant oil fraud that triggered Italy's Masonic Lodge scandal, which caused the fall of the government last year, were given a total of 19 years in prison Tuesday and ordered to pay \$15 billion (\$84.5 million) in fines.

The members of the Musselli family were among 35 persons, including senior customs officials, who were sentenced by a Milan court for defrauding the state of customs duty over 10 years. Presiding Judge Danilo Pucaro ordered the seizure of plant and vehicles owned by the Bitumoli and Sfimi oil companies.

Refinery owner Bruno Musselli, who is missing, was sentenced to 10 years and a 60-billion-lire fine. His brother Enrico received six years and a 30-billion-lire fine, and their sister Maria was sentenced to three years and a 25-billion-lire fine. They were accused of declaring gasoline as low-duty home heating oil.

Bush Says U.S.-Saudi Ties Are Vital

RIYADH — Vice President Bush arrived in Riyadh on Tuesday night and declared that "great danger and tragedy" in the Middle East emphasized the need for Washington to work closely with Saudi Arabia.

Mr. Bush, accompanied by Saudi Arabia to express U.S. sympathy at King Khalid's death, Sunday, Mr. Bush, who is expected to meet with King Fahd on Wednesday, called King Khalid "a wise and good man."

In a statement on arrival, he said, "We have come at a time of great danger and tragedy in the region, which underscores the vital importance of the closest possible cooperation between the U.S. and Saudi Arabia."

New Mauritania Government Installed

PORT LOUIS, Mauritania — Sir Seewoosagur Ramgoolam resigned as prime minister on Tuesday, stepping aside for the leftist coalition that overwhelmingly won the elections last week.

Ancerood Juganath, a lawyer, was sworn in later Tuesday as prime minister in an administration drawn from the Mauritania Militant Movement led by Paul Bérenger and the Mauritania Social Democratic Party.

The coalition won all the 62 contested seats in the election last Friday. It has pledged to revitalize the economy and rid the strategic Indian Ocean island of superpower interference. The new parliament will convene on Friday.

Compiled From Agency Dispatches

Soviet Policy on Arms Use

(Continued from Page 1)

U.S. delegate to the UN, said Mr. Brezhnev's action was "well-rehearsed and we've heard it so often that it has a tiresome air to it."

Soviet Ambassador Oleg A. Troyanovsky said that "as a solemn undertaking, unilateral on our part, this is the first time."

Mr. Brezhnev coupled his announcement with an offer to negotiate reductions in all nuclear weapons and conventional arms. "There is no type of weapons which the Soviet Union would not be prepared to limit or ban on the basis of reciprocity," he said in the message.

The Soviet leader reiterated, meanwhile, his proposal to freeze nuclear weapons at current levels. The Reagan administration has dismissed it as an effort to leave

the Soviet Union with a 6-to-1 advantage.

Mr. Brezhnev also called for the elimination of chemical weapons "from the face of the Earth." He said his government was prepared to agree on a total ban and destruction of stockpiles.

The Reagan administration has accused the Soviet Union and its allies of using chemical weapons against insurgents in Afghanistan, Laos and Cambodia. But Mr. Gromyko, in his own speech to the session, said "we strongly reject absurd tales implicating the U.S.S.R. in the use of those weapons."

Mr. Brezhnev's message and Mr. Gromyko's speech carried with them the Soviet Union would take a tough stance when talks open with the United States in two weeks on a treaty to reduce strategic nuclear weapons.

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Ugandans Call Conditions Worse Than Those Under Amin

War on Guerrillas Turns Into Ordeal of Murder, Torture, Imprisonment

By Charles T. Powers

Los Angeles Times Service

KAMPALA — Only three years after Idi Amin was driven from power, Ugandans say they are undergoing another ordeal of murder, torture and summary imprisonment.

Reports of beatings and brutality in Uganda's military prisons continue to circulate, and the leader of the opposition party recently accused President Milton Obote's government of carrying out policies tantamount to genocide against the Baganda people in the south. The Baganda have long been political opponents of Mr. Obote.

"They are killing us for no reason," said a source waiting for a bus on a rural road outside Kampala.

"It is worse than Amin," said a man at a country mission, "because now there is no pattern to the killing. There is no order. Amin went about the important ones. Now it can happen with anyone. People are much more afraid."

The opposition party leader, Paul Semogerere, charged that mass killings and mass arrests have been carried out by the army, which has displaced thousands of rural residents from the area around Kampala in an apparent effort to destroy guerrilla forces.

American officials acknowledge the reports of human rights violations. The 1981 rights report submitted to the U.S. Congress noted that Uganda was suspected of violations in more than three dozen categories — cruel, inhuman or degrading treatment in prisons, torture, denial of fair public trial and invasion of the home.

Some observers argue that the human rights situation is

better than it was in the time of Marshal Amin. Others argue that, in any case, the brutal dictator is a poor standard to go by.

Still others, mostly Baganda peasants from the south, say things have never been worse.

Fear in the countryside around Kampala increased dramatically in February, after a poorly coordinated guerrilla attack on a military barracks in Kampala. Two guerrilla groups are believed to be active around Kampala and both have announced that their goal is to overthrow Mr. Obote.

There is little idea here of the strength of the guerrillas, but most people believe them to be no more than 500, and poorly equipped. In Kampala, rumors abound that the guerrillas are equipped with Libyan arms smuggled into the country from neighboring Rwanda, where officials deny any such involvement.

Whatever the strength of the guerrillas, Uganda decided to crack down hard after the February barracks attack. Army units made extensive sweeps along the roads north and west of Kampala, through an area of farm villages interspersed with lush forest. In these sweeps the army troops killed an undetermined number of civilians and looted homes, shops and government offices. Surviving villagers fled into the bush.

A diplomat here, who asked not to be identified, estimated that 10,000 Ugandans were driven out of their homes by the army by mid-May.

"The soldiers came," said an old man in a deserted village about 20 miles west of Kampala on the road to Mityana, where the government believes guerrillas have been hiding. "They shot one man here, they shot another

over there and another over there. The soldiers took everything from the houses and the people ran away."

He stayed, he said, because he was too old to run and had nowhere to go.

The old man's story was typical of what could be heard along the Mityana road, where village marketplaces stood empty except for an occasional old man or woman and a handful of children. Some children said the soldiers took their fathers away in the back of a truck.

The government denies that the army is involved in harsh treatment of civilians. David Anyoti, the minister of information and the highest Ugandan official who could be reached for comment on the subject, blamed the violence on bandits — the term the government uses for the guerrillas.

The rural residents, however, are convinced that the armed and uniformed men who stormed through their villages are Ugandan Army personnel.

Some diplomats have even gone so far as to suggest to high Ugandan officials that the army's actions could alienate the Ugandans and drive them to support the guerrillas.

The Obote government came to power in 1980 after a disputed election. Opposition leaders — there were four candidates for president — charged that the election rules were rigged.

Mr. Obote was ousted by Marshal Amin in a coup in 1971. He spent eight years in exile in Tanzania and returned to Uganda in the wake of Tanzanian military forces, which drove Marshal Amin from power in 1979.

Since then, Uganda has been troubled by widespread violence and the ravages of renegade armies, particularly in the northwest, where the former dictator's soldiers fled.

Fight for Control of Morazan Area Called Fiercest of El Salvador War

By Raymond Bonner

New York Times Service

SAN SALVADOR — Government troops and guerrillas are fighting what a military spokesman described as perhaps the fiercest battles of the two-and-a-half-year-old war.

The blood is running in Morazan," said Defense Minister Gen. José Guillermo García during a military ceremony here Friday. He was referring to the fighting in the mountainous northern half of the eastern province that has long been a rebel stronghold.

The clandestine rebel radio announced that 76 government soldiers had been killed, more than 100 wounded and 31 taken prisoner. The radio called the action the rebels' greatest military victory, and claimed the capture of 110 rifles, ammunition, machine guns, mortars, cannons, seven radios and 40 uniforms.

Government Figures

A military spokesman, Col. Marco A. González, said eight soldiers were killed and 28 wounded. He acknowledged it was the heaviest fighting of the war. Asked if any soldiers had been taken prisoner, he said that some had disappeared.

An International Red Cross worker confirmed that the rebels have prisoners. In the past, the rebels have offered to deliver their prisoners to the Red Cross, but the army has not permitted it.

According to the rebels, one of their prisoners is a 20-year-old cadet who was among the 500 who recently completed officer training at Fort Benning, Ga.

A man who claimed to be a captured soldier said on one of the rebel broadcasts that they had been told that their mission was to arrive at the town of Perquin, but they were not told that the town had been lost.

Perquin, held by the rebels for nine days last August, was again seized by guerrillas in the early-morning hours of June 5. Government units trying to retake it have

been unable to move along the paved road, according to Col. González.

It is the rainy season, and river crossings are hazardous. The guerrillas have blown up most of the bridges. Thick, low clouds also make flying more precarious. The rebels have reported being fired upon from four helicopters. They also said two jets bombed the region.

Col. González said that reinforcements have been rushed to the area, but he said they have not

engaged in any combat. One of the battalions supplying reinforcements recently returned from 16 weeks of training at Fort Bragg, N.C., and the soldiers from the other reinforcement battalion were trained by U.S. military advisers in El Salvador.

Mountain Operation

The Salvadoran soldiers who trained in the United States were only recently in the mountainous regions of Chalatenango province in their first combat operation, a search-and-destroy mission in which the army said 135 rebels were killed.

That operation was described as the largest of the war, involving at least 3,000 men from three battalions plus artillery and air support.

The 960 soldiers of the Ramón Belloso Battalion returned early in May after 16 weeks of training at Fort Bragg. This was in addition to the cadets aged 17 to 20 who attended officer training school at Fort Benning.

In other reported guerrilla actions, sabotage attacks on power poles left two of the country's largest cities, Usulután and San Miguel, without electricity.

5,000 Political Inmates Reported in E. Germany

United Press International

BERLIN — A West Berlin civil rights organization said Tuesday that there are 5,000 political prisoners in East Germany.

The Aug. 13 Study Group said that about 5,000 more are being held on such charges as social behavior, rowdiness and violation of special pass regulations. It also declared that about 40,000 of East Germany's 16.7 million people have special identity cards that bar them from leaving the city or area in which they are registered as a resident.

Talks to Start in Geneva on Afghanistan

By Tyler Marshall

Los Angeles Times Service

NEW DELHI — Talks aimed at ending the three-year-old guerrilla war in Afghanistan and securing the withdrawal of Soviet forces are scheduled to begin Wednesday in Geneva, but analysts here see little hope for any immediate breakthrough.

The discussions will involve the Soviet-backed Afghan regime as well as Pakistan and Iran, two neighboring countries that are used as sanctuaries by Afghan guerrilla forces. UN Undersecretary-General Diego Cordovez won agreement among the three on a agenda in April.

The Geneva talks will be conducted indirectly, with the Pakistani Foreign Minister, Sahibzada Yakkub Khan, and his Afghan counterpart, Shah Mohammed Dost, using Mr. Cordovez as an intermediary.

Iran has agreed only to be briefed on the discussions through its ambassador in Geneva. The initial round of talks is expected to last about 10 days.

Although numerous peace proposals have been put forward since the Soviet military intervention in December 1979, the only formal talks held have been indirect discussions between the Afghan and Pakistani foreign ministers at the United Nations last autumn.

After those discussions ended inconclusively, Iran dropped its role in the talks on the situation and agreed to participate, if only peripherally. It had previously refused to join any talks that did not also include representatives of the Afghan resistance.

Pakistan has felt increased pressure to resolve the conflict as the number of Afghan refugees crowding into its border regions nears 3 million.

In addition to putting further strain on existing social tensions under President Mohammed Zia ul-Haq's five-year-old martial law regime, the refugees constitute a serious economic liability. The refugees cost an estimated \$1 million a day, and Pakistan shares the expense with international relief agencies.

"Creating conditions for a Soviet troop withdrawal, the return of refugees and establishment of a government acceptable to all parties remain distant goals, experts on the Afghan conflict say."

Karmal Isolated

President Babrak Karmal's Afghan regime remains as isolated and discredited as at any time in its two and a half years in power, despite the softening its Marxist position.

Mr. Karmal travels more frequently now to the Soviet Union and Eastern Europe, but he still appears to be alone within his own country. Kabul, let alone outlying areas, with the Afghan Army still incapable of protecting the regime on its own.

"Finding an alternative to Mr. Karmal who could hold the support of both the Russians and the Afghan people also seems remote. The deeply divided resistance has failed to unite around a single leader, and more moderate Afghan figures have been spurned by both sides."

That the Geneva talks include no representative with any popular support in Afghanistan is probably their most significant limitation. Talking at all is a step in the right direction, said a diplomat in New Delhi, "but in this case, the step is very, very small."

U.S. Sentences 3 in Plot to Sell Armed Copters

United Press International

DALLAS — Three men who admitted that they conspired to export illegally 15 fully armed Cobra helicopters to Libya, Iraq or South Africa were sentenced to prison Monday.

U.S. District Judge Robert Porter handed four-year prison sentences to Carl M. Kulungian, 34, and Steven Nuccio, 42. The judge also sentenced Alfonso Lopez-Quesada, 61, to a two-year sentence. The three men were indicted in the alleged plot to sell the helicopters. The two other men also received jail sentences.



Richard V. Allen

Writer Says Allen Knew Of Donation

By Henry Scott Stokes

New York Times Service

TOKYO — A Japanese writer has disputed Richard V. Allen's account of his receipt of a \$1,000 charity donation, an event that led to his resignation early this year as national security adviser to President Reagan.

The writer, Fuyuko Kamikasa, says in the July issue of Chuo Koron magazine, published here, that Mr. Allen knew in advance that he would get a \$1,000 donation in exchange for an interview he arranged for her with Nancy Reagan in January, 1981.

Asked about the account Sunday, Mr. Allen said that it was "preposterous."

Miss Kamikasa, a free-lance writer, said that Mr. Allen had debated and fixed the \$1,000 sum before the interview she did for Shufunotomo, a women's magazine in Tokyo. Miss Kamikasa said in a phone conversation here Sunday that he had agreed on the sum with Tamotsu Takase, a business consultant and friend of Mr. Allen from Tokyo, who set up the interview.

In her article, Miss Kamikasa says that Mr. Allen calmly pocketed the envelope containing 10 \$100 bills, and did not regard the cash gift, made in the White House on Jan. 21, 1981, as wholly unexpected and "crazy," as he stated recently on Japanese television.

"If he thought this was 'crazy,' why didn't he take appropriate action?" asked the writer. "Why did he keep the money for eight months?"

The money was found in a White House safe by a secretary and reported to high presidential aides. The controversy erupted last Nov. 13, when a Japanese newspaper reported that Mr. Allen had accepted \$1,000 from three representatives of a Japanese magazine, including Miss Kamikasa, who had interviewed Mrs. Reagan.

After the payment became public, Mr. Allen said he had not arranged the interview with Mrs. Reagan and had not solicited the \$1,000. He said that the money was intended for Mrs. Reagan and that he had intended to turn it over to the government but forgot about the cash after it was placed in an office safe.

Investigations by the White House and the Justice Department cleared Mr. Allen of any wrongdoing, but President Reagan and Mr. Allen agreed in early January that it was best for him to resign.

Califano Calls Alcohol, Drug Abuse Greatest Health Problem in the U.S.

Washington Post Service

WASHINGTON — Declaring that it caused more death, disease and disability than any other illness, Joseph A. Califano Jr., the former secretary of health, education and welfare, has called addiction to drugs and alcohol the United States' No. 1 health problem.

At the end of an 18-month study commissioned by Gov. Hugh L. Carey of New York, Mr. Califano, who served as special counselor on drug abuse and alcoholism to New York state, recommended that the federal government get more involved in narcotics enforcement to reduce the flow of drugs, that it raise taxes on alcohol to discourage drug use, and that it incorporate research on addiction into one section of the National Institutes of Health.

In Vietnam, Chinese 'Conspiracy' Is Blamed for Ills of the Economy

By Colin Campbell

New York Times Service

HO CHI MINH CITY — "Do you know that 85 percent of the people in Bangkok are Chinese?" asked a low-ranking Vietnamese official. "This is a fact."

His "fact" was a considerable exaggeration, but it illustrated the Vietnamese authorities' perception of the sinister menace of China and of the Chinese. In the past few years, the Vietnamese have lumped them together as an ethnic and international conspiracy, and they are still doing so.

One of their purposes, according to non-Vietnamese here, is to explain to the world, and to the Vietnamese people, why Vietnam's economy is in such a mess.

Tens of thousands of Vietnam's ethnic Chinese fled the country in boats after the government abolished Ho Chi Minh City's private trading companies in the spring of 1978 and after enmity on all fronts later broke out between China and Vietnam. Vietnam overthrew the Chinese-backed Pol Pot regime in Cambodia, strengthened its ties with the Soviet Union, and, after Vietnam's border war with China in 1979, outdid the Russians in anti-Chinese rhetoric.

A Counterclaim

Some Western diplomats in Hanoi now say they see small cracks in Vietnam's anti-Chinese line. By one reckoning, Vietnam objected to only 30 or so "Chinese acts of aggression" along their common border during a recent month — down from an earlier average of about 100 a month.

A "positive" documentary film about Shanghai, they report, was shown not long ago on Vietnamese state television. The Chinese ambassador, they point out, is still stationed in his elegant Hanoi embassy and still calls on Vietnamese officials. And in the south, not only have the ethnic Chinese stopped fleeing in boats, but the Vietnamese government has also allowed some semi-autonomous import-export companies in Cholon, the Chinese quarter of this city, to expand their trade with Hong Kong and other ethnic Chinese ports.

Sharp Vietnamese criticisms, however, of China and the Chinese still fill the Vietnamese atmosphere.

From the south, the government is still reporting regularly on Chinese "treachery." Consider the case of the counterfeiter.

Counterfeiter's Story

According to an account published April 25 in the daily Quan Doi Nhan Dan, the army newspaper, the security forces of Ho Chi Minh City began noticing a few years ago that some of the 5-dong notes then circulating were counterfeit. A 5-dong note today is worth slightly more than 50 cents at official rates, and less than 10 cents at unofficial rates.

Who had printed the notes? Ethnic Chinese reactionaries, said the article, had conspired with the federal government to take counterfeit money to state stores to buy

goods — thus robbing these stores of their assets and using these materials for hoarding purposes — and to pump counterfeit money into the free market by buying gold and goods at exorbitant prices, thus causing market prices to soar and creating difficulties for the livelihood of the people.

Their crimes went further, the newspaper said. They forged official documents, which they used to buy up more goods, and they counterfeited papers to give to those wishing to flee abroad in exchange for gold.

Not yet content, the reactionaries counterfeited food stamps to make "the Vietnamese people's life more difficult, thus causing them to lose their confidence in their party and state."

At the Fifth Communist Party Congress in March, Le Duc Tho, the Politburo's fifth-ranking member, complained that the party's officials still showed a "serious lack" of vigilance against China's "hostile" policies and "reactionary nature." The struggle against China, he said, was Vietnam's "most pressing political task."



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A Merciful Finish

That "de facto cease-fire" in the Falklands is, de facto, an Argentine surrender. Britain's strangulation of Port Stanley was the moral and honorable substitute for a final blood-bath. For their courage in acknowledging defeat, the departing Argentines will deserve an old-fashioned battlefield salute. Then let the bloody posturing finally end.

This costly war did not arise from any threat to either nation. President Galtieri thought a popular land grab could save his faltering junta from Peronist mobs. He never dreamed the British would fight to win. The miscalculation will probably cost him his job.

Britain fought precisely because no one thought it could or would. It claimed to be striking a blow against aggression anywhere. But it also bled for national pride and for Prime Minister Thatcher's own recovery from political weakness. Now that she has elaborately served both ends, she has the luxury of indulging truly global considerations. And these counsel generosity in negotiation.

The United States is well placed to urge a sensible settlement. After failing to bring the Argentines to their senses, it stood squarely

with Britain and against the emotional outbursts of Latin friends throughout the hemisphere. It did so because Britain is a much more important ally than Argentina — and because the British had the better case in the Falklands. It was imperialism that unfurled the Union Jack over those remote rocks; but Argentina's claims arose from nothing more than the racial colonialism of Spain.

The U.S. and therefore also the British interest now is to give Argentina a chance to avert a fascistic orgy — and some incentive to avoid military alignment with the Soviet Union. It is in the West's interest also to encourage Third World nations to assert their grievances by diplomacy instead of force.

If aggression is to be shown not to pay, negotiation cannot be left sterile. And the now vindicated British naval power will have no value to the West if consigned to the endless defense of these remote islands. It is too soon to translate these interests into bargaining points. But Britain's deportment in victory may well determine whether the losers will be psychologically fit to bargain with.

THE NEW YORK TIMES.

First Aid for France

Anxiously applying first aid to its economy, France has chosen a program that strongly resembles Richard Nixon's in 1971. The reasons were precisely the same — painfully slow growth and high inflation. That two very different governments, the Nixon Republicans and President Mitterrand's Socialists, should resort to the same prescription reminds you how narrow the choices are.

The French have devalued the franc and imposed a wage-price freeze up to next fall. Like the Nixon administration 11 years ago, the French have found that attempts to kick the engine into faster performance only damaged the currency. The devaluation concedes the damage, and the freeze tries to forestall price-raising that would normally follow.

First aid serves a useful but limited purpose. It buys time. The Nixon administration misused its advantage by cranking up the American economy for the 1972 election campaign. By the time the experiment was over, the inflation rate in America was higher than it apparently would have been with no intervention at all. Since a French president's term runs seven years, that temptation, at least, does not confront Mr. Mitterrand.

Controls on wages and prices are one way to deal with inflation. The other way — and there seems to be only one other — is to run the economy deliberately in low gear at a cost measured in rising unemployment and erosion in the standard of living. That is the course that the United States, Britain and West Germany are currently pursuing. France's inflation rate remains around 13 percent a year, where it has been for some time. West Germany's rate has been falling and is now below 5 percent.

Several years ago West Germany seemed to be the only major European country demonstrably committed to holding inflation down. Now the pattern is reversed. Most countries of northern Europe, and notably Britain, have succeeded in bringing their rates down sharply. Among the larger countries of Western Europe, only Italy and France still have inflation rates above 10 percent. The success of France's latest prescription will make a difference to more than the French, for in the world trading system the weaknesses of any major competitor necessarily and sharply touch all the others.

THE WASHINGTON POST.

Other Editorial Opinion

Fleet Street After Victory

Above all it is a time to make sure that the sacrifice was not in vain. We have won the war. Now we must win the peace.

— From the Daily Mirror.

The next move must be diplomatic and should come from London. Mrs. Thatcher is due in New York [Tuesday] to address the United Nations special session on disarmament. She will also see Sr. Pérez de Cuellar, the UN secretary-general, who did as much as anyone to try to end the conflict. There could be no better forum for outlining thoughts about the future.

The prime minister should take the opportunity to say — firmly and in public — that once the Argentine forces have withdrawn with dignity and dispatch from the islands, Britain is ready to enter into unconditional negotiations, under UN auspices, on the future status of the Falklands.

— From the Financial Times.

The time for talking will be later, when the tension of this immediate moment has been eased by weeks, or months, of non-belligerence and patient, practical reconstruction. For the moment there can only be extreme vigilance until we see how much of the previous Argentine rhetoric remains the basis for its military operations. Perhaps, if victory can keep its silence, so can defeat; and then the loud conqueror can be peace.

— From the Times.

Gen. Menéndez has endured a terrible pounding. Trapped without re-supply or possibility of rescue, suffering defeat after defeat, he was faced with the simple choice of sacrificing another thousand lives or bowing before the inevitable. The inevitable was there anyway. One, two, three thousand lives on. But the endless braggadocio from Buenos Aires and the general's reputation for unrelenting honor contrived, day after day, to make the inevitable somehow unthinkable. It is a cause of infinite relief that Argentina has, at long last, placed human realism before desperate pride.

— From the Guardian.

A Reckoning From the Generals

Forced to choose between capitulation and the defeat without glory of its last units encircled at Stanley, General Menéndez, commander of Argentine forces in the Falklands

since the April 2 invasion, made the wise but difficult decision to surrender. A final and useless bloodbath was thus avoided. Young conscripts with no battle experience, who had been rushed to the archipelago by a junta which totally underestimated the British government's capacity to react, had not the slightest chance against elite paratroop and marine units landed by the Royal Navy. The Argentine Air Force was able to inflict spectacular losses on the British fleet, which lacked sufficient air support, but the outcome of the fighting was in no doubt after the successful landing at San Carlos.

A war at once modern and archaic, begun two and a half months ago amid incredulity and sarcasm, ends in humiliation for Argentina, which thought it could recover "its" Malvinas without a fight. The consequences of this military and political defeat will be all the more serious in that an entire people, nurtured in nationalistic fervor, will be tempted to demand a reckoning from the presumptuous generals in Buenos Aires.

To the bitter end, the junta tried to conceal the extent of the defeat. In a message to Pope John Paul II, General Galtieri as late as Monday morning proposed a cease-fire with parallel retreats by Argentine and British forces. [Now] civilian voices are demanding the junta's resignation and the establishment of a democratic government corresponding to the wishes of a majority of Argentines.

— From Le Monde (Paris).

Markets for ASEAN Exports

ASEAN wants to complain about the protectionism of the developed countries and urge them to open up their markets for ASEAN exports. We doubt, however, that the ASEAN words will carry much weight. So long as the ASEAN economies are so heavily bound in trade with these developed countries, ASEAN is really not in a position to bargain with them. The fact that these developed countries want to continue the dialogue with ASEAN does not necessarily mean that they will listen, much less act upon ASEAN suggestions.

We do not think ASEAN can go far by simply seeking political successes but ignoring or failing in economic cooperation among its five members. Unfortunately, this is the very thing the ASEAN foreign ministers' meeting is prepared to do.

— From the Nation Review (Bangkok).

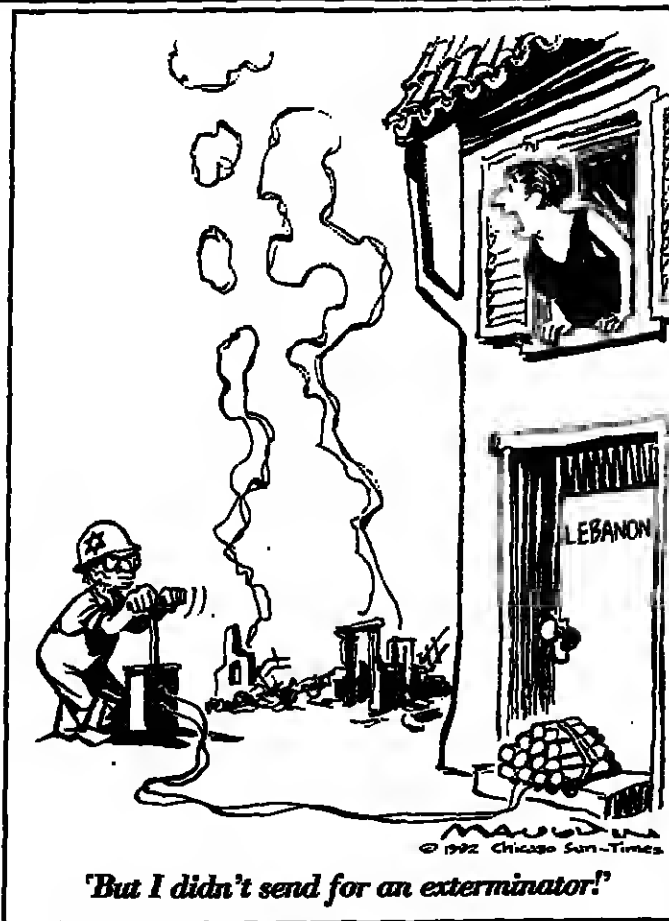
June 16: From Our Pages of 75 and 50 Years Ago

1907: New York's Telephones

NEW YORK — After a fight lasting two years, the Atlantic Telephone Company, an independent enterprise, has succeeded in forcing the entering wedge against the monopoly of the New York Telephone Company. The victory of the independent company was achieved at a meeting of the Board of Estimate and Apportionment, which resolved to recommend that a franchise be granted to Atlantic. The members sitting officially as a board will consider the subject at a further meeting, and it is understood will grant a franchise. The company promises calls in the city for three cents each, and promises automatic connections doing away with the "Hello" girl and avoiding delays.

1932: Chicago's Wet Loop

CHICAGO — Wet delegates to the Republican national convention may be worrying over how to get a wet plank into their party platform, but the Chicago bootleg trade has eliminated all worry over how to get a drink. All that is needed is a thirst and the price. As far as the Loop district is concerned, the wet question has already been settled. Three hundred permanent "speakers" operating there have taken on extra supplies and many have opened up branches in garages, basements, lofts and back rooms of cigar stores. Prices are still moderately high, but professional pride and competition have combined to make the quality better. Beer of "convention quality" costs 25 cents a glass.



After Defeat, the Generals Will Go Shopping

By Andrew J. Pierre

NEW YORK — After the fall of Stanley, Argentina certainly will aggressively seek more weapons. This would present a tough policy dilemma for Washington, caught between a desire to restore relations with Argentina and not damage those with Britain.

The dispute over the Falkland Islands is unlikely to be resolved soon after a British victory. The junta will see the conflict as a battle lost in a war to be continued, for it knows that in the long run geographic and economic advantages are on Argentina's side. What arms will Argentina seek? From whom?

Air force generals will not be satisfied to replace heavy losses. Their courageous pilots were done in by the limited range of the French Mirage-3s, Israeli Daggers and U.S. A-4 Skyhawks. These jets could just reach Falkland Sound, fire a salvo and head home, if they were not to run out of fuel. No time for circling, re-fueling, engaging Harriers in extended combat. Argentina will want longer-range, more sophisticated aircraft — fighters such as American F-15s and F-16s, French Mirage 2000s or Soviet MiG-23s and MiG-25s.

The admirals, embarrassed by British submarines bordering up their navy in home ports, will want to modernize and expand. They will seek advanced anti-submarine equipment, new submarines and destroyers, numbers of missiles, perhaps an aircraft carrier.

While South African, Israeli and Brazilian arms may be purchased, for "big-ticket" items Argentina must turn to Washington, Paris or Moscow, and sooner rather than later.

The Reagan administration's dilemma would be acute. It would be tempted to use

arms sales to improve frayed ties with Buenos Aires and to "unfurl" from Britain. Margaret Thatcher would argue that any U.S. weapons could be used against British troops, thus in effect exercising a veto. The same argument would be made to France (whose reputation for permissiveness in selling arms to almost anyone is not unjustified).

Enter the Soviet Union. Its recent reduction in purchases of Argentine grain suggests that it is positioning itself for an arm-for-grain deal. The anti-Communist junta would not make Moscow its first choice for major new weapons, but without a real alternative the military would feel forced to conclude a deal with the Kremlin, and blame Washington for the quandary. Some in the Reagan administration no doubt would argue that such an outcome should be avoided at all costs. Their assumption would be that if Buenos Aires turned to Moscow for arms, the Soviet Union would acquire a deep, lasting influence over Argentina's domestic politics and foreign policy.

Of course, it would be preferable to avoid a transfer of Soviet arms, but if it occurred there should be no foregone conclusion that Argentina would enter the Soviet sphere of influence. In Egypt, billions of dollars worth of Soviet weapons and 20,000 advisers provided no lasting influence. The Soviet record in the Congo, Guinea and Indonesia is equally unimpressive.

In 1969, after the Nixon administration refused to sell F-5 jets to Peru's new, leftist government, Lima turned for tanks and planes to Moscow, which became Peru's main arms

supplier during the 1970s. Although Lima was one of Moscow's top 10 recipients, Soviet military advisers and some Cuban colleagues have been kept isolated from Peruvian society. Moscow has acquired no real leverage over Peru.

Washington should not sell new arms to either Argentina or Britain. To sell Argentina weapons would frighten Chile and add further momentum to the Latin American arms race. Refraining from sales to London would restore an evenhanded policy — America has made the point that it does not condone aggression — while greatly improving deteriorated relations with all of Latin America. It might encourage Thatcher to face up to the need for early, serious negotiations on the Falklands' long-term future.

Arms sales do not necessarily provide political influence. The Lebanese war shows that arms for Israel have not deterred Menachem Begin from pursuing a policy contrary to U.S. interests. The Reagan administration's desire to sell Argentina arms after a long hiatus caused by human rights concerns and its decision to expand contacts with the junta did not prevent the Falkland escapade.

Indeed, befriending the Argentine generals probably helped convince them that Washington would not oppose the venture. Similarly, Soviet arms transfers would give Moscow little lasting leverage over a basically conservative, anti-Communist nation.

The writer, a senior fellow at the Council on Foreign Relations, is author of "The Global Politics of Arms Sales." He contributed this column to The New York Times.

For a Policy Conference of Pacific Ocean Countries

By Bernard K. Gordon

DURHAM, N.H. — With the Versailles economic summit behind us, Washington should talk soon with Tokyo and other Asian capitals about a much needed conference of Pacific countries.

Asian friends are confused about America's goals in Asia and often do not like the ones it seems to have. Japan is beginning to resent defense-spending pressures; Southeast Asians worry that Washington has too rosy a view of China, and even the usually hawkish South Koreans think it beats the Soviet dream too hasty. In Asia all these problems are interrelated. In Asia, though, are not the same, for unlike European countries, East Asia's generally are in an upbeat mood. The region now leads the world in economic growth rates and its peoples buy and sell so much in the United States that more U.S. trade moves across the Pacific than the Atlantic. This situation reflects both

the American stake in Asia and changes in Asia since World War II. From Japan and South Korea in the north to Australia in the south, today's Asia and Pacific are in most respects an important success story.

The irony is that America has difficulty adjusting to the success. To many leaders in Asia, the American stance toward Moscow reflects that problem. South Koreans, for example, worry that too harsh an anti-Soviet rhetoric, some particularly vocal, might cause Moscow to loosen restraints on North Korea. New fighting in Korea might tempt the Russians because of the dilemma it would pose to China: To do nothing might bring a South-dominated Korea to China's borders, but to help the North would destroy Peking's ties with Washington and Tokyo. It is a troubling scenario, and Seoul hopes for moderation in U.S.-Soviet relations.

Japan, too, suspects Washington's harsh anti-Soviet rhetoric. Some Japanese think it is simply intended as pressure on Tokyo for more defense spending and perhaps a wider military role. A few think that America's real purpose is to sell Japan more American weapons to help reduce the trade imbalance. While some Japanese do want to spend more on defense, many more believe this will lead to both an enlarged Soviet military presence and a gen-

erally higher level of tension in the region. Worries about U.S. policy are most pronounced in Southeast Asia. Leaders there worry that America, insensitive to China's propensity for regional troublemaking but anxious to reassure Peking on the Taiwan issue, will provide China with light military equipment and political support.

It is on the Vietnam issue that differences with Washington are particularly acute. Members of the Association of Southeast Asian Nations strongly oppose Vietnam's occupation of Cambodia but want nevertheless to loosen Vietnamese dependence on Moscow. Among other things, that dependence has provided the Soviet Union with naval and air facilities in Vietnam. China, however, insists on "bleeding" Vietnam, and at the United Nations last year the United States did not support an ASEAN formula on the issue of the occupation of Cambodia.

The effect was to side with Peking, leading an ASEAN foreign minister to complain that Washington "betrayed" ASEAN's interests. Those are strong words, indicative of strains present in America's Pacific policy. There will be more strains as Washington seeks to enlarge Japan's defense role in the region, partly because Tokyo already so heavily

dominates Asia's economic scene. Moreover, what would be the Soviet response to a more heavily armed and perhaps increasingly independent Japan?

But not all in the region are so obsessed with World War II memories that no Japanese security role is acceptable — if it comes about through genuine and intensive consultations. As is the case with most other issues in the region, this is one where Washington must avoid unilateral action. By that America has carried out a social, economic and political development in Asia to the point that its countries are vital and prosperous and want to retain strong ties with America. It would be one of the great tragedies of the postwar era if American policies fouled that nest.

Secretary of State Alexander M. Haig Jr. can help avoid that outcome by invoking what he said on arrival at Versailles: No amount of transatlantic telephoning, he remarked, could substitute for the face-to-face meetings that would take place there. He should now urge President Reagan to begin plans for a similar effort among our Pacific associates.

The writer is professor of political science at the University of New Hampshire. This was adapted for The New York Times from "Asian Angst," an article in the summer issue of Foreign Policy magazine.

A Critical View of Argentina: Ethnic Pride Takes a Fall

By Miguel Acosta

WASHINGTON — Ask an Argentine why his countrymen are resented elsewhere in Latin America and he will reply: They are envious that we Argentines are a nation of European stock, not mixed with Indians and blacks; that we live in a rich country, and that we are literate and cultured.

Many Argentines will quote an old saw that South America begins north of the northern Argentine city of Córdoba, meaning that their country is an enclave of white Europeans, a sort of South Africa in a continent of mulattoes, mestizos and the 14 other categories of racial mixtures labeled by Spanish colonial administrators.

Jorge Luis Borges, the writer, is known for his criticism of his fellow Argentines' intense nationalism. Yet even he has said: "We are fortunate that we don't have any sort of native culture, no Indian folklore to speak of." And then he wonders where the descendants of the black slaves who used to abound in Buenos Aires have gone. "You know, the blacks used to think that they were the natives, and we were immigrants."

Disdain for the Indians is a constant theme among Argentines. When reporters covering the Falklands/Malvinas crisis ask the Buenos Aires man on the street for his views, they have often been told, "We are not Indians." That is, Argentines are tougher.

After all (so the stock argument goes), Argentina defeated the British three times in the 19th century. And Argentines have won every war they have fought, including the 1976-1979 campaign, Marxist guerrillas. Not to mention Argentina's world leadership in soccer. In fact, the perception of racial

purity is unfounded, and most other Latin Americans know it. It is true that in the brutal 19th-century war against the Indians of the pampas, the Argentines virtually liquidated the native tribes and seized the rich land that became the source of the country's great agricultural wealth.

But there is a strong strain of Indian blood in the warmer northern provinces of Tucumán and Mendoza, where Spaniards and Indians intermarried in the 16th and 17th centuries and where the mestizos today tell of their despair in haunting melodies played with drums and guitar.

The porvenir — residents of Buenos Aires, the almost European city on the River Plate where one-third of the country's population of 28 million live — ignore this beautiful music and its powerful lyrics. They prefer the maudlin tango, an import from Marseilles that became popular in the bordellos of Buenos Aires a few generations ago.

Apart from the Indo-Hispanics of the north, most of Argentina's old patrician families have the blood of the almost-white Guarani Indians Paraguay in their veins. The conquistadores who settled Buenos Aires for the Spanish Empire took Guarani women for concubines. Their handsome progeny, who look like no other Indo-Hispanic people, are found not only in Argentina but also in Paraguay, Uruguay and Chile.

Argentines tend to look down on Brazil, their rival for big power status in South America. They call it a "black African nation." Said an Argentine editor: "The Brazili-

ans are backward, a true Third World nation because of the race mixture. We're different." The intense ethnocentrism of the Argentines was a factor in the nationalism that led them into the Falklands conflict. It is a peculiar form of nationalism, expressed not in terms of excellence in native art, music and science but in an imagined racial purity, extravagant Roman Catholic traditionalism, a militarism that excludes dissent, and a sense that Anglo-Saxons have somehow thwarted Argentina's past greatness.

Before World War I, Argentina did appear to be on its way to power and influence, because of its wealth and its highly educated people. Argentines then flocked to Europe, and sent their children to France, England and Switzerland for their education. To this day the men tend to dress in the English fashion and the women, when they can afford it, in the best of Parisian haute couture. The elite built the Teatro Colón, one of the finer opera houses in the world, and established publishing houses that still turn out the best in world literature in translation. Argentine intellectuals move in the most advanced literary circles in Paris, London, New York and Rome, and they continue to introduce Argentina to the latest artistic, literary and philosophic trends.

By the turn of the century Argentina had become a haven for immigrants from Italy, Spain, France, Poland, Yugoslavia, Ireland and Eastern Europe, including Sephardic Jews.

But the country depended on its export trade with the British Empire. When Britain began its long economic decline, Argentina felt the pinch, and Argentines were unable to make the country work. The military took over.

In the 1930s the ideas of Mussolini, Hitler and Franco began to

gain currency, paving the way for the dictatorship of Juan Domingo Perón and his wife Evita.

The failure of Argentine leaders to make the country work, despite its natural wealth and underpopulation; the class conflicts unleashed by Peronist rule; the East-West conflict, and above all the change in the world's trade patterns — all these factors have made Argentina withdrawn, with dramatic consequences that now include emigration.

Argentines still cannot believe that their prosperity has ended. They blame their bad luck on Perón, on the United States, and most of all, on Britain — which built the railroads that made Argentine agriculture thrive, introduced the cattle that made it a great beef producer, and then defeated the fascist model that Argentina had adopted.

The writer, a former correspondent in South America for Life, is based in New Orleans.

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U.S. Moves To Sell U.K. Trident Arms

Deal Will Go Forward Unless Congress Balks

WASHINGTON — The U.S. Defense Department has formally notified Congress that it plans to proceed with the sale of advanced Trident submarine-launched missiles to Britain in a \$3.9-billion deal designed to strengthen NATO's nuclear deterrence power.

Prime Minister Margaret Thatcher's Cabinet approved the purchase of advanced Trident-2 missiles from the United States several months ago in a move that has caused considerable controversy in Britain.

The British government made its decision to modernize its submarine-launched missile force before the outbreak of the Falkland Islands war with Argentina.

Some opponents of the expenditure on modernizing the missile force have contended that the deal cost so much money that Britain would be unable to afford adequate conventional forces, such as its surface fleet, to meet contingencies and commitments.

Labour Pledge
The British Labour Party has pledged to drop the deal if it regains power at the next general election, due by 1984.

British government officials have taken the view that their country's present nuclear submarine force — four aging submarines armed with obsolescent Polaris missiles — must be replaced by advanced systems to remain a credible part of the alliance's deterrent against a possible Soviet attack.

The U.S. Defense Department's notification to Congress on Monday said that the package would include Trident-2 missiles, with their associated guidance systems, "the non-nuclear portion of the nuclear weapons," and related gear and services.

The British would build their own submarines to carry the Trident-2 missiles and would manufacture their own nuclear warheads, military officials have said. Reports from London earlier this month estimated that the new fleet of missile-launching submarines, their weapons, warheads and other equipment would cost more than \$12 billion during the next 15 years. Some opposition party critics have claimed that the cost would rise to \$18 billion.

Congress has 30 days to act on the proposed sale. It will go through automatically unless both the House and the Senate reject it.

U.S. Plans Parole Of Some Haitians In Holding Camps

WASHINGTON — The Department of Justice has announced that it will begin releasing Haitian detainees on parole from federal detention camps, where some have been held as long as 13 months while seeking political asylum in the United States.

Immigrants who have lawyers and a responsible community sponsor will be released for "humanitarian reasons," Attorney General William French Smith said Monday. Justice Department officials said they had no way of knowing how many of the 1,910 Haitians now in detention centers might be freed, or when the first ones would be paroled.

The Haitians are to be freed while the Immigration and Naturalization Service considers their appeals to remain in the United States. Illegal aliens, such as the Haitians, are usually detained only for short periods of time and then are sent while awaiting hearings on whether they can remain in the United States. Unlike the Haitians, most refugees do not seek political asylum and their cases are disposed of quickly.

"Regrettably, however, the Haitians have continued in detention considerably longer than other groups because most of them have fled claims for political asylum and because litigation brought on their behalf has stalled the processing of their cases," a statement issued by the attorney general said.



Pope John Paul II on his way to the podium to address the meeting of the International Labor Organization in Geneva.

Pope, in ILO Speech, Backs Workers' Rights

GENEVA — Pope John Paul II called Tuesday for a "new solidarity without frontiers" based on the "primacy of human work over the means of production and the primacy of the individual at work over production requirements or purely economic laws."

In an address to the International Labor Organization, a UN agency, the Polish-born pontiff stressed that trade unions able to operate in "full independence from the political authorities" were essential for the forming of a "society of solidarity."

"The working man must assume responsibility for defending the truth, the true dignity of his work," the pope continued. "He must not be prevented from exercising that responsibility, though also bearing in mind the good of the community."

The pope appeared tired from his recent journeys to Britain and Argentina as he spoke before the nearly 2,000 government, trade union and management delegates who jointly represent their countries at the ILO.

Several members of Poland's independent trade organization Solidarity, suspended last December when the government decreed martial law, were in the galleries of the conference hall of the Palace of Nations to hear the pope speak.

The address was the highlight of a one-day visit to Geneva at the invitation of the ILO. Besides addressing the ILO conference, the pope visited the headquarters of the international Committee of the Red Cross and the complex of atom-smashing machines of the 12-nation European Organization for Nuclear Research.

The pope had lunch and met with the local representatives of Catholic agencies at the presbytery of the Church of St. Nicholas de Plie, near the Palace of Nations. His only contact with the local population was at the public Mass that he celebrated at the end of the day.

Mitterrand Rejects U.S. View On Trade War Against Russia

(Continued from Page 1)
French commitment to use its nuclear arsenal to protect West Germany's existence in an emergency, but he did underline that "it would be stupid for anyone to think that France would be indifferent to Germany's fate."

His government will stress continuity in its relations with former French colonies in Africa, which will continue to be "a privileged area" for French aid and interest under his Socialist government. "We are not going to waste what has been gained there," he said.

He acknowledged that, even after the vigorous pump priming and nationalizations carried out by the Socialists in their first year of power, the French economy remained "a tired economy" that must find ways to compete more strongly internationally and to regain its own domestic markets. But he made it clear that he would leave discussion and implementation of austerity measures to Mr. Mauroy and his Cabinet.

Mr. Mitterrand declined to talk about his discussions on the Soviet Union with Mr. Reagan and the leaders of Britain, Canada, Italy, Japan and West Germany at Versailles. But other officials involved in the summit meeting portrayed Mr. Reagan's remarks as suggesting that many Soviet citizens were close to starvation because of economic mismanagement and that the Soviet system could be brought down if Europe cut back sharply on trade and credits.

The United States came to Versailles pushing for reductions in government-subsidized credits to the Russians given primarily by France and Italy, but settled for a summit declaration that spoke only of the need to limit all kinds of credit granted to the Soviet Union. Mr. Mitterrand said on Friday that the limitations had already been accomplished by France by raising its interest rates, and that France was not bound by the summit declaration to reduce the current amount of credit extended to the Russians.

FBI Reportedly Told White House of Donovan Mafia Link

By George Lardner Jr.
Washington Post Service

WASHINGTON — The incoming Reagan White House was informed by the FBI last year, on the first day of Secretary of Labor Raymond J. Donovan's Senate confirmation hearings, that Mr. Donovan had "close personal and business ties with known La Cosa Nostra figures."

The FBI report, dated Jan. 12, 1981, was hand-delivered that day to White House counsel Fred F. Fielding, who was then the Reagan transition team's conflict-of-interest counsel. According to informed sources, the report also stated that "this information was corroborated by independent interviews of confidential sources."

In New York, meanwhile, it was learned that the corpse of a potential witness in the Donovan investigation was found Friday in the trunk of his car in downtown Manhattan with a bullet through his head.

The victim, Fred Furino, 52, had been interviewed several times by special prosecutor Leon Silverman before Furino's disappearance on June 3, sources said.

According to a confidential FBI report at the time of Mr. Donovan's confirmation hearings, a bureau informant said Mr. Furino served as a sometime "bribe man" for a New Jersey mobster named Salvatore Briguglio and, in that capacity, occasionally "picked up money from Donovan."

The FBI officials stepped into the case over the weekend at Mr. Silverman's request to investigate for possible obstruction of justice. New York police said Mr. Furino had been dead for at least six days when his body was found.

Mr. Silverman declined Monday to say whether Mr. Furino had appeared before the federal grand jury assigned to the Donovan inquiry.

In Washington, at the same time, the contents of the brief Jan. 12, 1981, FBI report alleging links between Mr. Donovan and organized crime raised fresh questions about last year's confirmation process in the Senate. Apparently, the Senate committee that considered Mr. Donovan's nomination was not sent the report until last week, when the panel's ranking members say they first became aware of it.

Asked whether the report would have made a difference in the confirmation process, Senate Labor Committee Chairman Orrin G. Hatch, Republican of Utah, said, "Are you kidding? It sure would have. At least we'd have asked a lot more questions and we'd have asked those who reports were coming from."

Mr. Donovan, who is in Europe for a combined work and vacation trip, could not be reached for comment.

The chronology of last year's Senate hearings suggested strongly

that the incoming administration had no plans to provide Mr. Hatch's committee with the Jan. 12 report before a scheduled vote on Mr. Donovan's nomination. Mr. Donovan testified on Jan. 12, primarily about the hiring of a no-show Teamsters foreman on a New York City subway project by his company, Schiavone Construction of Secaucus, N.J. He denied any wrongdoing on the part of his company.

The committee's Republican leadership, evidently satisfied,

scheduled a final drafting session for Jan. 15 to report out Mr. Donovan's nomination. That was postponed, according to Mr. Hatch, because of the unexpected surfacing on Jan. 13 of a new witness, Ralph Picardo.

A protected government witness, Mr. Picardo said he recognized Mr. Donovan's picture from the papers and identified him as the Schiavone executive from whom he periodically picked up \$500 checks in the mid-1960s to pay for labor peace. At the time,

Mr. Picardo said he was working for a company that Mr. Briguglio secretly owned, O.K. Trucking.

Apprised of Mr. Picardo's allegations, the Senate committee canceled the Jan. 15 hearing, called for a thorough FBI investigation, and called Mr. Donovan back to testify on Jan. 27, 1981.

For that hearing, the FBI submitted an ostensibly comprehensive report, dated Jan. 23, 1981. It included the substance of the Jan. 12 report, with added detail, but it

was presented by FBI executive assistant director Francis M. Mullen in much more evasive terms.

Under questioning by Mr. Hatch at one point, for instance, Mr. Mullen said none of the sources the FBI checked out provided "any information at all" about any alliance or associations with organized-crime figures on Mr. Donovan's part.

Mr. Fielding could not be reached this week for comment on what he did with the FBI report when he got it on Jan. 12.

U.S. Plans to Sell Up to 5% of Federal Lands

By Philip Shabecoff
New York Times Service

WASHINGTON — Interior Secretary James G. Watt has said that the federal government plans to sell up to 5 percent of its real estate, but promised that national parks and areas with "unique characteristics and national values" would not be put on the market.

Mr. Watt said, "We are not talking about any massive sell-off of federal lands."

At a meeting Monday of a subcommittee of the Senate Energy and Natural Resources Committee, he said the Reagan administration's management program involves the sale of "excess federal real property and the sale of certain types of public lands."

The federal government owns somewhat more than 700 million acres of land, about one-third of all the land within the borders of the United States. Thus, the government plan would mean the

transfer of more than 35 million acres from the public to the private sector.

Moreover, Mr. Watt said that no federal lands in Alaska, where the government owns nearly 300 million acres, would be included in the sales program. This means that a higher percentage of the lands in the lower 48 states could be sold off.

President Reagan's budget proposal for 1983 suggested that \$1.3 billion could be raised from the sale of federal property next year and thereafter such sales could raise annual revenues of about \$4.3 billion.

Some participants in the meeting expressed concern that the plan would require more than excess federal lands to be sold off. They speculated that much of the sales would come from national forests and lands managed by the Interior Department's Bureau of Land Management.

John C. Barber, executive vice president of the Society of American Foresters, said that while Mr. Watt had seemed to be talking only about excess federal properties, "there seems to be an additional agenda not being talked about."

He asked, "Are we talking about skimming off the cream?" Mr. Watt said he hoped that the sales of millions of acres of federal property would "generate billions of dollars" in revenues.

He said, however, that all public lands which contain environmental or economic assets of national significance will remain in federal ownership and be managed to provide the greatest public benefits.

"We will protect the parks, the refuges, the wilderness, the wild and scenic rivers, the Indian trust lands, the recreational privileges,

and the other important values so important to the people," he said.

Mr. Watt also said that the administration's land acquisition program was being revised to reduce costs and improve management. His department, he said, was looking at alternatives to direct purchase of property to achieve such goals as protecting national parks.

Bruce Selson, acting executive director of the administration's Property Review Board, which is reviewing property for potential disposal, said that, so far, 3 million to 4 million acres had been identified as available for sale to private purchasers.

Report Says U.S. Risks Losing Lead in Space

By Thomas O'Toole
Washington Post Service

WASHINGTON — Foreign technology has developed so rapidly in the last 10 years that the Europeans and Japanese threaten the U.S. dominance of space for the first time since the space age began 15 years ago, according to a report to Congress by its Office of Technology Assessment.

The congressional office said Monday that the United States is on the brink of losing its space leadership role to foreign competition in satellite communications, the remote sensing of the Earth's resources from space, and the manufacture of exotic metals and pharmaceuticals in space.

The Office of Technology Assessment warned that the U.S. space shuttle even faces competition from the European Space Agency's Ariane rocket in the years ahead.

382-Page Report
"International competition in space applications is a reality," the 382-page report on civilian space policy said. "The Europeans and Japanese have targeted specific space technologies for development, and they will soon be providing stiff competition for services heretofore offered only by the United States."

The congressional office said the stiffest and most far-reaching challenge to U.S. space technology will be in space communications, a field dominated by the United States for 20 years.

The civilian space agency began to take itself out of satellite communications research under pressure from private industry in 1973, the Office of Technology Assessment said, leaving a gap that was quickly filled by the Europeans and Japanese.

"As a result, many of the new developments in satellite communications have come from the Europeans and Japanese," the congressional office said. "In some areas, they seem to have leapfrogged U.S. technology."

Japan a Leading Supplier
The congressional office said the Japanese have already become the world's leading supplier of earth stations for countries plugged into the Intelsat communications satellites and are likely to take the world market lead for earth stations to receive direct broadcasts of television from space.

The Office of Technology Assessment also pointed out that an Italian firm named Telespazio plans to be the first to market a broad-band radio communications system that will be able to handle hundreds of times as many telephone calls as today's systems do.

"To allow ourselves to fall into second place in an important area of space applications [the radio system] would be to ignore a basic tenet of U.S. space policy," the congressional office said. "That is, that the U.S. will maintain a position of leadership."

The Office of Technology Assessment also pointed out that the United States will launch its last Landsat satellite to explore the Earth's natural resources next month, which is about the time that France will begin to advertise a Landsat-type satellite to be launched in 1984 for commercial users in all countries.

Swaziland Given Territorial Grant By South Africa

Washington Post Service

JOHANNESBURG — The South African government has agreed to give two chunks of territory totaling about 1,800 square miles (4,700 square kilometers) to the neighboring kingdom of Swaziland.

The announcement Monday met with an angry reaction from African leaders in the two regions and could have political repercussions in the Organization of African Unity, where Swaziland may be accused of abetting South Africa's racial policies.

The move would increase the size of Swaziland by about a third and would give the landlocked kingdom a potential harbor on the Indian Ocean.

The territory involves about 600 square miles of the Kamekwane tribal homeland, a crescent of land wrapped around Swaziland's northern and western boundaries, and 1,200 square miles in the KwaZulu homeland called Ngwazulu.

The South African government's ultimate aim through homeland independence is to make 21 million blacks statutory foreigners and turn the 4.5 million whites into a majority.

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DERAILED

Rescue workers removed the injured from a derailed Amtrak train near Emerson, Iowa. At least one person was killed and 150 were injured when the train derailed early Tuesday on tracks washed out by heavy rain. An Amtrak spokesman said that the two engines of the train overturned and that all the cars jumped the tracks.

ARTS/LEISURE

'5 et la Peau' an Oriental Cocktail

By Thomas Quinn Curtiss

PARIS — The white man going to pieces in the tropics has been the subject not only of Conrad tales but of an interminable parade of trashy movies.

Pierre Rissient, movie buff, critic and publicist, takes it as the premise for his first film, "Cinq et la Peau," a Chinese cocktail of wines with a slice of fruit peel. As Rissient juggles with the familiar theme, his white man sinks into a morbid state and the tropics, too, come to pieces.

His protagonist, like the aforementioned tipple, is an odd mixture: a Frenchman with schizophrenic symptoms and erotic mania who, for obscure reasons, is drifting into a morbid state. A travelogue of the Frigates sort sketches the picturesque background, but as far as motivation goes, the Frenchman, played by Feodor Atkine, might as well have visited Newark. Lost in his egocentric daydreams, he appears oblivious to the compelling strangeness of the Philippine capital. He hums down call girls and ponders his personal ennui in bars and striptease parlors.

Like Rissient, he is a movie buff, and there are oblique references to this in the excerpts from his favorite films. He mourns the passing of two directors, Fritz Lang and Raoul Walsh, and things get under way with a misleading introduction, a still of the blossoming apple orchard from von Stroheim's "Wedding March."

The hero seems to have literary inclinations, quoting various eminent authors whose ideas concur with his. The scenes were shot in Manila, and a commentary, spoken by Roger Blin, relates both dialogue and the thoughts of the world-weary traveler. Even an interview with the Philippine filmmaker Lino Brocka is conveyed at secondhand.

An oriental languor hovers in the air, now and then rudely broken, as if by a thunderstorm, with

violent amorous episodes. But both film and subject remain inscrutable, despite the voice-over information. One suspects that this is a study of impotency, artistic and biological, a sad case history in vague cinematic poetry.

It intrigues at first — its very peculiarity holds attention — but fails to fulfill expectations: a mood piece, bizarre and original in concept, but curiously incomplete. It is certainly an experimental first essay that, one hopes, will lead Rissient, with his wide knowledge of the medium, to more satisfying achievements.

The Australian director Peter Weir has recently received rousing praise for his reproduction of a costly World War I campaign in "Gallipoli," and his subtly told ghost story, "Picnic at Hanging Rock," lingers in the memory as among the better films of the last decade.

Between these two films, Weir made another, "The Last Wave," which was awarded the special jury prize at the Avoriaz festival and has just reached Paris.

A muddled affair about a cataclysm foreseen in the prophetic nightmares of aborigines, it attempts to blend a catastrophe with science fiction, rumbling with doleful warnings of disaster like the harangue of a survivalist full of frenzy and gin. Its science is fiction, but its fiction is wholesale superstition.

Its tone of paranoid alarm may provoke a shudder or two, but one has the impression that Weir is out of control here, that he has been washed overboard and engulfed by the monstrous improbabilities of his contrived and unconvincing script. He shouts a loud "Boo!" but we refuse to be scared.

In "Mourir à 30 ans" Romain Goupil confesses his experiences as a 1968 high-school student

when he was a red-hot revolutionary. For this story of friendships and disillusion, he presents us to a band of his comrades afflicted with the itch for revolt. One of them committed suicide at the age of 30, hence the title.

The political activities of the 1968 *gauchistes* were confined to protest meetings (Goupil records one week in which there were 84) and assaults on the embassies of the United States and of Latin America (Cuba, of course, excepted). Goupil also recalls his pride in being chosen as a bodyguard for the Black Panthers.

He uses footage shot by himself and his father, a veteran American, between 1966 and 1973 and provides valuable eye-witness evidence of the social explosion in France, looking back not in anger or in sorrow but with dry, sardonic humor.

Beverly Nichols, a bright young thing and already a well-known journalist out to make his elders sit up and take notice, wrote his autobiography when he was 25. This, as intended, was regarded as extremely audacious: Nichols had a best seller.

The age of 30, as Goupil's film hints, is the dividing line between youth and full maturity, probably the last station at which one can decide on a career.

Elie Chouraqui's "Qu'est-ce qui fait courir David?" has another 30-year-old taking stock of his past, complete with bittersweet flashbacks to his adolescence and 20s. These reminiscences give a feeling of déjà-vu here and there, suggesting a rerun of Claude Berri's comedies about Jewish family life. The incidents, if not unbearably boring, are transparently concocted and lack the spontaneity that would spark them with contagious fun. The cast, including Charles Aznavour, Francis Huster and Anouk Aimée, is superior to its vehicle.



Feodor Atkine and friend in "Cinq et la peau."

Fashion in Paris à l'Américaine

By Hebe Dorsey

PARIS — The quilts, framed like giant paintings in the windows, are Amish from Philadelphia; the blankets are from Mexico; the aluminum luggage is from California; the cowboy boots from — where else but Texas? — the topographers (or boat shoes) from Massachusetts, where they are worn, summer in, summer out, by the Kennedy clan. The leather vests are from Wyoming, the jeans are the old classics — Levi's 501s — and there is a whole department of cheaper American ware, sweatshirts et al. straight from J.C. Penney.

It is neither an Army & Navy Store, nor is it a branch of Brooks Brothers or L.L. Bean's, although it is a little bit of all of them. At La Muette, in the middle of Paris' 16th Arrondissement, since last August, it has been rising the crest of one of the latest fashion waves — American lifestyle fashions.

Hemisphere is owned by Kim



10-Gallon Mitterrand

d'Etainville, a former Paris-Match journalist and popular man-about-town, and two partners, one of whom, Jean-Sébastien Szwarc, learned the ropes at Saint Laurent's. For four years, Szwarc was assistant to Saint Laurent's business manager, Pierre Bergé, of whom he says, quite simply: "He was the best."

The other partner and chief buyer, Pierre Fournier, used to run another sportswear store, Le Globe. He is terribly knowledgeable on Western gear, especially boots, which he studies in huge catalogs, listing every style from "The Northlake Collection" to the "Wellington Line."

The first Hemisphere opened in 1978, on the Avenue de la Grande Armée beyond the Arc de Triomphe, a no-frills area where active sportswear — for authentic sportsmen — was buried between cycling and boating stores. Shortly thereafter, jogging became chic and Hemisphere was made.

The second store opened last August, and though the décor looks rock-bottom bare and simple, it is a sophisticated concept that cost \$1 million and was designed by André Putman, whose studio is well-known for Art Deco revival. In fact, the new Hemisphere store, spread over two levels, deliberately functions as a storehouse for the past. It must be doing something right because this brand of boots (not necessarily the most expensive) is invariably sold out.

To go with the boots, there is the whole Western paraphernalia — tapered belts, made of "safari antelope," "caribou-grained buffalo calf" and genuine everything — alligator (in five popular colors) — seal, ostrich, lizard and even bat and sea turtle. Antique Western hats are embellished with floral patterns or oak leaf and acorn and fantastic feather handbags come in seven different designs.

Unexpectedly, Hemisphere got a further boost from the Dallas series — which sparked at least as much attention here as it did in the United States. All of a sudden, the Texan 10-gallon hat, quickly dubbed J.R.'s hat, took off. President François Mitterrand wore one when he visited Africa.

N.Y. Met Reveals Egyptian Fakes

By Michael Brenson

New York Times Service

NEW YORK — Preparing for a reinstallation of its Egyptian galleries, the Metropolitan Museum of Art has discovered that 17 gold vessels that were part of an important holding known as the Treasury of the Three Princesses are fakes.

The vessels, of genuine gold but apparently modern manufacture, were thought to be tableware from the tomb of the three "minor" wives, or harem favorites, of the Pharaoh Thutmose III, who reigned between 1504 and 1450 B.C. during the Eighteenth Dynasty.

The tomb, in a desert valley in

Upper Egypt, was discovered by grave robbers in 1916. The Metropolitan acquired the vessels in Europe between 1919 and 1922. The objects, apparently made about that time, are from a group of 250 items in the Met's collection thought to belong to the treasure. The rest were acquired between 1958 and the present.

Of the group of 250 objects, the 17 gold vessels are, because of the gold, the most valuable items. Other objects include glass, faience, jewelry of all kinds and silver vessels. All have been or are still being examined as part of a comprehensive re-evaluation process of the estimated 40,000 works in the Egyptian department that began 10 years ago; all museum

departments undergoing major changes in installation must undergo the same kind of systematic review.

The discovery was made with the help of the most up-to-date scientific methods and instruments. One important tool was a scanning electronic microscope, which enabled researchers to get unprecedented magnification of the surface of the gold.

The microscope revealed that inscriptions in the gold had been engraved rather than traced, as was customary in ancient times. Tracing, or incising, is shallower than engraving. The microscope also detected tiny hammer marks on each of the vessels, traditionally smoothed away by ancient craftsmen.

There were other factors as well that led the museum's department of Egyptian art and department of conservation to conclude that the vessels were fakes. Inscriptions on the beakers were found to have been partly covered up by the folds of edges, which suggests that, contrary to ancient practice, the inscriptions were applied before the works were fully fashioned.

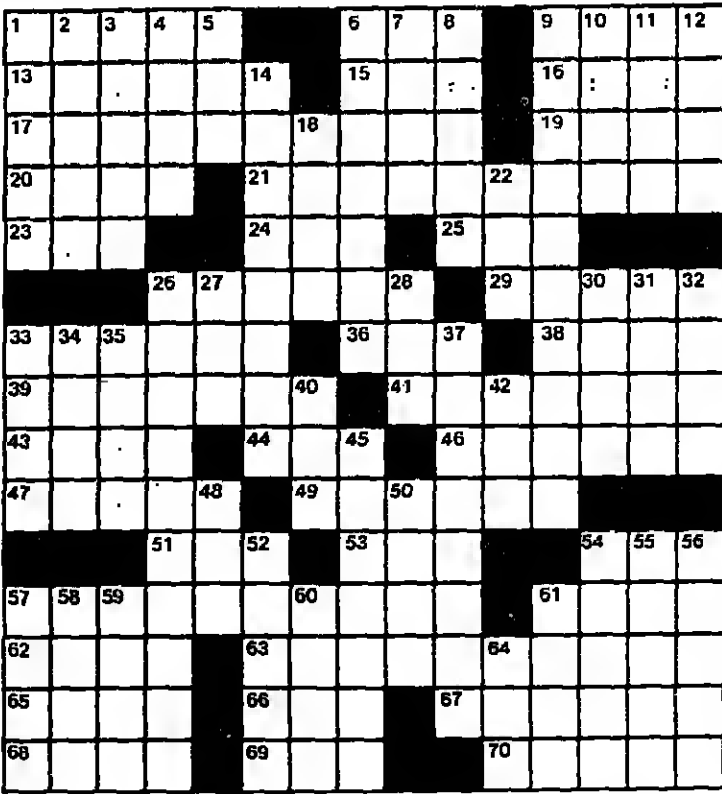
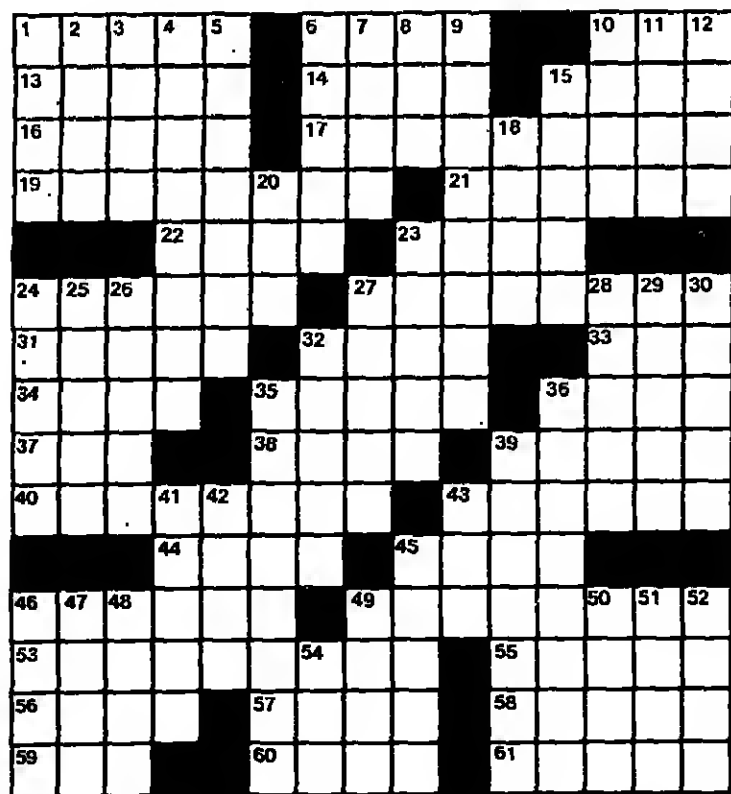
Furthermore, when measured against comparable works, there were disparities of size and weight. "To all areas," said Dr. Christine Lilyquist, curator of the museum's department of Egyptian art, "the objects are different from what we know to be ancient."

Despite the rise in the dollar, Hemisphere's partners spend at least three months a year in the United States and have their own way of getting their shopping

Question:

Four letters meaning two-for-one

(See bottom of the page for answer)



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society and people and history," says Walker, who has a sign in his office that reads: "Western spoken here." The son of a southern Utah rancher, Walker, 65, has spent much of his life around cattle and cowboys.

Besides, he says, with the rapid changes now under way in the West, as a result of population growth and development of oil, gas and energy resources, he believes there is a growing urgency about recording the vernacular before it fades away. "Because of our isolation, Westerners have been able to resist the kind of homogenization of language we have seen in other places," says Dr. Walker. "Now that too is changing quickly."

So far, Walker and a team of student assistants have compiled 30,000 references to individual words and phrases drawn from a careful reading of Western novels, newspapers, cowboy diaries, songs, letters and ballads. Walker says there is at present no dictionary that deals exclusively with Western words and phrases.

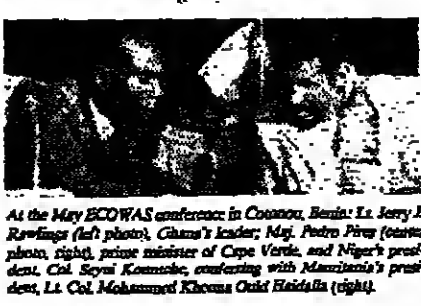
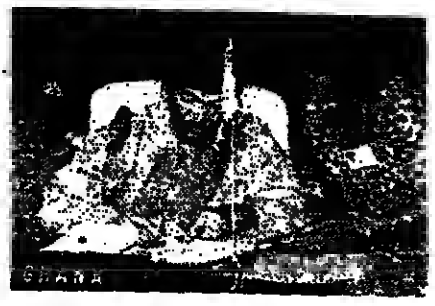
Take the letter B, for example. There are biscuit roller (a cook) and bobtail guard (the first guard of the night on a cattle drive), buffalo tea (what's left in a water hble after a buffalo has wallowed there), bug juice (whisky), and bullwhacker (driver of a bull train).

In addition to cowboy, there are conjuice, cowpiper, cowpuncher, cowtown, cowpoke and cowhild. A farmer can be a plow chaser, a churn twister and a sod buster. Prairie schooners are covered wagons, prairie coal is buffalo chips used as fuel, prairie strawberries is another name for beans and prairie wolf is a coyote.

And "tailor-mades" are commercially made cigarettes, as in this reference from an early Western novel called "Hell on Horses and Women": "Give me some tailor-mades," he croaked. "I've had nothing but Bull Durham to smoke for the last three days."

But recording and preserving all of this is no easy task and has already involved five years of labor by Walker and an associate, Thomas E. Toon, a former University of Utah lexicographer who is now at the University of Michigan. Walker, who is supported in his research by a \$11,000 grant from the University of Utah, says he is modeling his book upon the Oxford English Dictionary.

He expects it will be several years before he submits a finished draft to a university press for publication. In the meantime, he regards his work as slow but good fun. "I know I can't prove it," said Walker. "But I must admit I believe Western speech to be more palaverful than most."



At the May ECOWAS conference in Conakry, Guinea: Lt. Jerry J. Rawlings (left photo), Ghana's leader; Lt. Col. Mohammed Khazim Ould Haidalla (right photo), Mauritania's president; Lt. Col. Siyeh Kromah, president of Liberia; and Lt. Col. Siyeh Kromah, president of Liberia.

هذا من الأصل



ECOWAS

Economic Community of West African States

Herald Tribune
JUNE, 1982

As long as currencies cannot be easily exchanged, development must wait. Tariff reduction can do little for free trade if payment difficulties are unresolved.

CURRENCIES

By Gillian Gunn

IMAGINE that over half the EEC currencies were, for all intents and purposes, inconvertible. Imagine that no member would accept those currencies in payment for goods, either because exchange-control regulations of the product buyer forbade it or because the buyer's currency was so overvalued at official exchange rates nobody wanted it. In such conditions, EEC trade would largely remain a fantasy. Yet, that is precisely the situation facing the Economic Community of West African States. Of the 16 member states, only seven have readily convertible currencies. Benin, Ivory Coast, Niger, Senegal, Togo and Upper Volta all use the CFA franc.

This is officially tied to the French franc, is guaranteed by the French Central Bank and thus is easily convertible into both hard currencies and the soft currencies of other members. Liberia's currency is similarly linked to the dollar and guaranteed by the United States and is equally convertible. The remaining nine members' currencies are based on various currency baskets. All are virtually inconvertible, although Nigeria's oil-backed naira often enjoys a brisk black-market trade with residents of poorer non-CFA neighbors buying naira with their weaker currency as inflated rates, so as to purchase Nigerian goods not available in their home country.

ECOWAS is acutely aware of the monetary problems effect on community trade, and is addressing the issue through a two-pronged strategy. In the short term ECOWAS will build up clearing houses to facilitate payments, and in the long term the organization hopes to create monetary union with either a single

ECOWAS currency or at least a coordinated exchange-rate system that would permit intra-ECOWAS convertibility.

The first program is already well under way. The West African Clearing House (WACH), based in Sierra Leone's capital, Freetown, serves the community's various central banks and is already facilitating exchanges between the governments of member states.

If the Ghanaian government wants to purchase tractors from Nigeria, for example, the WACH will credit Nigeria's account with the appropriate foreign exchange and debit Ghana's account. These are just paper accounts and no foreign exchange is actually held by the WACH. If the Nigerian government then buys some Ghanaian cocoa, Ghana's account is credited and Nigeria's debited.

Then, at the end of the quarter, the accounts are tabulated and outstanding debts settled in hard currency. In September, 1981, a senior ECOWAS official claimed the bank had done a remarkable job in boosting trade in the region.

Commercial transactions can also go through the WACH, but they must follow a circuitous route. First, the transaction starts in the local commercial bank, which forwards it to the central bank, which sends it through the WACH, which sends it on to the other party's central bank, which, in turn, directs it to the appropriate local commercial bank. A new commercial clearing house that would let commercial banks deal with each other directly without going through the central banks has been proposed, but it has not gotten off the ground.

But neither the WACH nor the commercial equivalent will be really effective until ECOWAS develops

(Continued on Page 9S)

MAKING IT WORK

By Denis Herbststein

IF ECOWAS were a schoolboy, the end of the year report would not be encouraging. Some advances, certainly, but too few and too slow. That is the opinion of the schoolmaster, the community's executive secretary for five years, Dr. Aboubacar Diaby-Ouatara.

"While progress was made on some fronts," he says, "it came only after formidable obstacles had been overcome." The world economic crisis hit hard at West Africa, where many countries are at the bottom of the development pyramid. They are characterized, Dr. Ouattara reminds us, "by having a limited stock of skilled human capital or physical infrastructure and most of their citizens are poor. Exports are dominated by one or two primary products, subject to wide fluctuations in world prices."

At the series of ECOWAS meetings in Conakry, Benin, last month, Dr. Ouattara reported the "community is doing quite well, but I would be less than frank were I to say that there were no difficulties." One of these was that "the administrative machinery at national level is not yet operational in terms of the implementation of community decisions."

Visible Progress

But progress there has been, most visibly in telecommunications, with 12 EEC firms tendering for the \$35-million project. The contract should be awarded by October, Robert Tubman, managing

director of the Lomé-based ECOWAS Fund, reports a great improvement in finances in the past year. Most of the \$50-million call-up capital has been collected from members. And ECOWAS has been given full recognition as a creditworthy entity in its own right, with lines of credit from Britain, Sweden, the European Development Fund and the European Investment Bank — though the World Bank, the African Development Bank and BADEA (the Arab Bank for Economic Development in Africa) have yet to reach agreement on the legal status of the fund as a multilateral financial institution.

Yet, some people are becoming outspokenly impatient. Kwaku Asante, Ghana's trade minister and chairman of the board of the fund, complains that "after seven years, there is nothing to show." In Ghana, he says, "we took up the ECOWAS cause with great enthusiasm, but it has turned itself into a protocol machine. You make a protocol at one session and you come back next year to amend it."

"Even when a country has ratified and can implement a protocol, there are practical matters to overcome," Dr. Ouattara responds. "Thus with trade liberalization... each country must change customs tariffs and introduce new ones... the declaration forms have to be changed. We sent out documents some months ago and each country is now preparing them, educating officials in their use before they can be effective. It all takes time."

Others say that these protocols are the essential building blocks of economic integration. You have to get them right, or the community goes off in the wrong direction. A drive along the coastal road from Lagos through Cotonou and Lomé to Accra shows clearly that the protocol on free movement of persons is not perfect. Immigration officials are bureaucratic, long-winded and often unfriendly, though Togo is an exception.

In its report on measures taken to implement community deci-

sions, Nigeria complains that "the liberal application of the protocol has been largely abused by some citizens of some member states who have little or no regard for law and order," adding: "ECOWAS will not mean much to the common man if there is constant threat to life and property."

The trade liberalization protocol is gradually becoming reality. There is not much official inter-African trade, but at least the way has been cleared for its increase. Ironically, unofficial trade (other-

wise known as smuggling) flourishes as never before. Or as it used to before Britain and France imposed their borders on West Africa a century ago. Nowadays, it is considered harmful to individual economies, and rightly so. It would not matter so much that Benin's border with Nigeria leaked like a sieve if the goods smuggled across it were manufactured in Africa. Instead, one hears of French jumbo jets flying in cargo of gin, computers, caviar, apples, wooden

(Continued on Page 10S)

ENERGY Blueprint for Self-Sufficiency Drawn

Special to the IHT

ECOWAS is working on an ambitious survival program aimed at making the region self-sufficient in energy as well as laying the foundation for industrial and agricultural takeoff, while at the same time improving considerably the living conditions of West Africans.

A series of proposals on energy was endorsed by the Council of Ministers in Conakry last month. In September, financing will be sought for some of the 14 energy projects outlined in a long report drawn up by the Transport, Telecommunications and Energy Commission under Daniel Faux, a Sierra Leonean.

The energy priority survival projects had been identified at a symposium held in Freetown, Sierra Leone, last November. Apart from some 100 West African delegates and observers from the U.S. Agency for International Development and UNESCO, it was attended by energy experts from the United States National Academy of Science, headed by Dr. Thomas Reed. The emphasis there was to increase efficiency, reduce wastage and

coordinate efforts within and among member countries in the development and utilization of all forms of energy.

There are adequate energy resources within the community — petroleum, hydro, coal, biomass, nuclear and solar, and potentially wind, geothermal and geosurface. The problems for exploiting these energy resources are a shortage of capital, technical know-how, organization, infrastructure and inadequate access to organized data bases. The subregion is probably the lowest consumer of commercial energy in the world. But demand is increasing due to growing populations, declining agricultural productivity and the rate of industrialization.

One major hurdle that has to be jumped is the lack of awareness of the energy problem in West Africa. The role of energy in the life of man has been taken generally for granted, says an Energy Commission memorandum, "especially by the less

(Continued on Page 10S)

Telecommunications Project Near

Secretariat Will Announce Winners of \$35-Million Contract in October

By Richard Sygne

WORK is now expected to start early next year on the first substantial project to be organized completely by the ECOWAS Fund and its secretariat — the first stage of a \$35-million telecommunications project to open up new links within the 16-country community.

Several of Europe's major telecommunications companies have competed for the project, and successful tenderers will be announced in October. Comprehensive plans have been drawn up for provision of transmission facilities between countries that up to now have had no direct telephone or telefax contact with each other.

The fragmented political map of West Africa has kept many of its capital cities in a state of continuing dependence on the air and telephone links with Paris, London or Lisbon and there has been little incentive or money to connect with each other.

Minimal Contact

The level of daily contact between capital cities as close geographically as Conakry, Bissau, Banjul and Dakar remains minimal. Distance is less the criterion for effective communications in West Africa than are the questions of national languages and dominant trading partners. Hence Bissau is primarily geared to communicate and to trade with Lisbon, as Banjul has up to recently been dominated by

London, although the new Senegambian confederation may quickly forge effective Gambian links with Dakar.

The first ECOWAS telecommunications project is specifically designed to tackle some of these difficulties around the region. Thus, Upper Volta is to benefit from new links with Ghana, while Guinea-Bissau, Cape Verde Islands and Gambia are to receive new international and national transit centers, linked with each other as well as with Mali and Ivory Coast.

The project has been scaled down during negotiations over the feasibility and financing preparations. Most of the potential sources of finance were hesitant about parts they considered uneconomic or unnecessary. Satellite stations may not now be included, and TV transmission facilities will be delayed until a later date.

Despite the ECOWAS Fund's difficulties in getting access to donors such as the World Bank, African Development Bank and Arab Bank for Economic Development in Africa (BADEA), the telecommunications project has received promises of financing from the Italian government (conditional on Italian firms being selected for part of the work), the Scandinavian Enskilda Banken, Bayerische Vereinsbank and the European Investment Bank as well as the European Development Fund. The EEC has also given technical assistance worth \$400,000 and UNCTAD has provided logistical support.

The original \$35-million project would have included a total of eight international links, eight national projects and transit centers and would have affected 13 of the 16 ECOWAS countries. Parts of this program will now have to be delayed to a later stage.

Rail Projects

The delays that have beset the start-up of the telecommunications project could presage similar difficulties for other ECOWAS projects, such as rail or road projects affecting more than one country.

Problems have arisen not only over competing politically influenced pressures but also the ECOWAS secretariat's lack of experience and trained personnel. Therefore, the success of the arrangements for the first project will be a challenge to the small dedicated team now running the organization.

"Aid agencies, export credit agencies and banks in Western countries all have an inbuilt reluctance to multilateral schemes," said a source close to the ECOWAS Fund. "We have to prove that we have the expertise as well as the necessary authority to undertake these projects on behalf of the whole community."

Awaiting attention is a vast list of further projects, which have been roughly valued at \$2 billion in total. If the telecommunications project works out, ECOWAS will be pushing for progress on at least 48 road transport projects, 60 air transport projects and a further 12 telecommunications links.

Nigeria Takes a Linguistic Leap, With French a Priority

By Francois-Xavier Harispe

LAGOS — "Look at the map, all our neighbors speak French... Cameroon in the east, Niger in the north and Benin on the western side."

The Nigerian who is talking is convinced that the teaching of French is a priority. He teaches French in a secondary school in eastern Nigeria. "That's why the teaching of French is compulsory in secondary schools," he noted. "Unfortunately, we lack teachers, and this official obligation has little follow-up."

Northeastern Nigerians go marketing in Maroua and Garoua in northern Cameroon, while the Abokuta traders in western Nigeria talk with delight of the Benin and Togo markets where they find all the forbidden lace and materials that they smuggle into Nigeria.

Pidgin English is not always the solution, and French is becoming increasingly vital. The same applies to other kinds of smuggling. West African fashion being usually designed in Senegal or the Ivory Coast.

According to the statistics of the cultural services of the French Embassy in Lagos, the only foreign organization involved in the teaching of French in Nigeria, about 1 million young Nigerians learn French from about 2,000 teachers. The teaching in quality and number of hours varies according to the states. Thus, the Christian south traditionally enjoys a better arrangement and more schools than the north. But according to the embassy, Anambra, in the east, which has got the best teaching methods at the moment, has only one school out of three where French is actually taught.

In Sokoto state, in the northwest, the predominantly Moslem homeland of President Shehu Shagari, 6,000 students learn French

and only 4,000 learn Arabic, according to official Ministry of Education figures.

At the College of Education in Uyo, in the southeast, 120 students learn from the nine lecturers of the French department on how to become teachers. Nine years ago, the first French participant arrived in Uyo to organize the teaching of French. Starting from almost nothing, he worked through the Ministry of Education in Calabar, the state capital, to set up an inspectorate division for French, he inspected all the secondary schools where French was taught, organized refresher courses for the teachers and went on to the College of Education in Uyo, where he started teaching how to teach foreign languages.

In those days, the college was only teaching the language and no pedagogy nor methodology to its 35-member student French department. Things have changed in Uyo, as elsewhere in Nigeria. The French Embassy now has 38 technical assistants all over the country who are concerned only with the teaching of French.

Out of those 38, 13 are pedagogical advisers to ministries of education, five are lecturers in colleges of education (there are 40 colleges of education and advanced teachers' training colleges in Nigeria), five are attached to the universities (there are 19 of them at the moment), four teach in language centers, another four are employed at the Lagos Center for Foreign Languages, which is run by the Ministry of External Affairs, one works with the federal television to launch programs in French and six are involved with the four Alliances Françaises, the traditional French center for learning French.

The French Embassy in Lagos offered for 1981 about 940 months of scholarship abroad, of which one-third takes place in Lomé and about two-thirds in France.

Lomé has made big efforts to become a West Africa center for French. An international course of French for lecturers from all over English-speaking West Africa takes place there every year. Last year, 75 Nigerians, 25 Ghanaians, 18 Sierra Leoneans and seven Gambians met there for six weeks at the "Université du Bénin," the only university in Lomé.

The university has set up a special center, Le Village du Bénin, for foreigners willing to learn French. Courses are organized all year long, with little French staffing and quite a lot of Togolese lecturers. It first started in 1974 with about 250 students for a six-week summer course.

English a Priority

"Of course, the teaching in Nigeria is not what you expect it to be in Europe," says one of the French advisers. "The priority in Nigeria is in English as far as languages are concerned, and with the teaching of vocational languages, French only comes in third position and then the quantity of students makes it impossible to use our audiovisual methods [when 90 percent of the schools have no electricity]."

"If you think in terms of the students expressing themselves in a classroom of 50 children, when it's not up to a hundred, one hour's lesson only leaves about 20 seconds per child for expressing himself in the new language... and they only have at best three lessons per week, not taking into account the very repetitive strikes, the day when children have to cut the grass in the compound, or the days during the rainy season when rain pounding on the zinc roof changes the classroom into a big drum where nothing else can be heard... That's why we are promoting a 'contact' method elaborated in and for Nigeria..."

The IBRU Organisation pioneered the distribution of frozen fish in West Africa. And the complexities of fish distribution have created not only the largest network of cold stores in West Africa but many other activities such as

- * Ship Owning, Operation, repairs and engineering
- * Refrigerated transport, supply, and maintenance of cold storage facilities
- * Building, Contracting and Steel supplies
- * Steel fabrication and Boat and barge building
- * Fibreglass boat assembly and distribution
- * Agriculture
- * Soft drinks and beer production
- * National distribution, wholesaling, retailing and merchandising
- * Plastics - injection moulding and extrusion
- * Bulk liquid transportation by land and sea especially vegetable oil and mineral oil
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The IBRU Organisation promotes trade throughout the Wadd and the activities of the Organisation are continually creating opportunities for further international business.

IMMIGRATION *Benefits of Free Movement May Outweigh the Problems*

Special to the IHT

THE colorful and boisterous crowd shuffled around the Nigerian border post with Benin. Despite the humidity and the hot sun, they jostled for attention at the passport office window, shouting their names to an apparently unmoved passport officer.

Only 200 yards from the oppressive bustle of the border post, a thin stream of vendors, traffickers in everything from lace to hard li-

quor, and black market currency dealers cross the border line unhindered, like an army of worker ants. It might seem unjust to the increasingly sweaty West Africans waiting patiently for service at the passport office that so many others are passing without problems. Only those traveling in cars or the beaten up old buses and trucks that ply the coastal trade are subject to the border checks. The rest cross at their ease.

The free passage of fellow citizens within ECOWAS has caused considerable exasperation within Nigeria and that other favorite of the migrant in search of work, the Ivory Coast. Because of the comparative wealth of their economies, the two countries have proved magnets for the poor from economically pressed countries such as Ghana and Sierra Leone.

Feeling in Nigeria runs very high against the immigrants, who

are accused of contributing largely to the high crime rate in cities like Lagos. Whole areas have been given over to the newcomers, such as the heavily Ghanaian-populated slums of Maroko, and there have been aggressive editorials in some of the Nigerian papers urging stricter controls on immigration.

The low status of fellow African workers when they travel was graphically illustrated in two tragedies. In 1979, several dozen immigrant African workers died of suffocation when they were piled into a patrol wagon by the Nigerian police. Despite their anguished cries, they were left to die. The following year, a similar number died in an Abidjan prison cell.

Although in both cases the governments apologized publicly, the mood of both countries was clearly

unsympathetic. It is invariably the anti-social elements of the immigration wave that have caught the attention of the press, leading Nigeria, for one, to suggest the construction of a fence around the country to keep out undesirables.

The idea of a fence may sound ludicrous but it does illustrate the extent of the problem confronting any country wishing to stop immigration through West Africa's porous borders. What convinced even more Nigerians that immigration could be harmful to the national interest was the December, 1980, Kano riots, led by a Moslem fundamentalist, in which many of those taking part were from other West African countries.

Despite the unpopularity of the mass immigration in some of the richer and poorer countries, the question facing national authorities is what they can do about it anyway. Few of the travelers have documents — although the people of Niger recently lined up for days in the compound of their embassy in Lagos for papers — and those who do frequently do not present them.

In a sense, the provision of free movement in the ECOWAS charter is simply a recognition of the absurdity of the colonial borders...

More rational minds in the governments of ECOWAS countries have stressed the benefits that the free movement of people has achieved for some member nations. In the Ivory Coast, it has provided the necessary 2 million African workers who are the backbone of the country's thriving agricultural sector. The Ivory Coast's own population has kept away from much of the badly paid manual work on the farms, and immigrant labor has filled the gap.

It has also provided Nigeria with some of the most able teaching staff in its educational system. Since universal primary education

was introduced five years ago, the educational system has been under immense strain and the quality of teachers has gone down considerably. Yet, with the help of Ghanaian teachers, Nigeria two years ago showed better results in the West African examinations than Ghana for the first time since independence.

The other side of the coin is that countries like Ghana have suffered a considerable drift of trained manpower throughout the economy. For the time being, the country's disastrous economic situation means that the drain has not been felt very acutely. But it has suffered the brunt of the young men returning to Ghana after a life of docile in Lagos. The Ghanaians refer to them in disgust as the "Agege boys," after a major road in the Nigerian capital.

The drift into the more prosperous areas has also exacerbated the already serious problems of finding young farm labor in the Sahelian regions. But in return, they send back earnings, which, in the case of Upper Volta, account for a substantial part of the country's hidden earnings.

With the advent of colonial rule at the end of the 19th century, novel techniques of integration made their appearance. Railways, motor vehicles, telephones and airplanes eventually were used to strengthen traditional links and to create new ones. The motivations, however, remained essentially unchanged: By harnessing complementary economic units, the white leaders, like their indigenous predecessors, sought to raise living standards and to generate taxable income.

Agricultural Africa supplied industrial Europe; labor from the hinterlands was sent to man the farms of the coastal export sectors. The new governments, like those they replaced, also tried to regulate the flow of migrant labor in the interest of civil order, and their political boundaries created division as well as unity.

French West Africa, with its federal structure and distinctive Gallic administrative and cultural assumptions, was light-years away from British West Africa, with its four separate colonies and its pragmatic Anglo-Saxon approach to government.

Early opposition to European rule among West Africa's educated elite appealed to unity across political boundaries. Pan-Africanism envisaged a world of ethnic solidarity allied to industrial advance. In the event, pan-Africanism retained its emotional and ideological appeal but proved politically unviable. After World War II, opposition to colonialism flourished within the political units that the Europeans had created. Nationalism became the slogan.

The four British colonies achieved their independence independently. The Federation of French West

ECOWAS

ROOTS *Desire for Unity Traced in History*

By Antony Hopkins

ECOWAS is concerned, rightly, with the future shape of its domain, but its rationale and legitimacy are located in the past. Antecedents are conventionally found in initiatives taken at the end of colonial rule; in fact, ECOWAS can be placed in a perspective that long antedated the modern Age of Planning.

Trends toward regional cooperation in West Africa can be traced as far back as historical evidence itself. Pressures making for self-sufficiency were countered, in varying degrees, by incentives derived from imbalances in natural and human resources.

Differences between ecological zones encouraged the exchange of goods between savanna and forest. Labor migration was promoted by the prevailing land-labor ratio: Fishermen traversed the length of the Niger; pastoralists followed the orbit of their herds; farmers colonized land and founded settlements; traders created mobile and far-flung frontiers of exchange. With people and goods traveled ideas — no protocol was needed to advance the spread of Islam along the caravan roads. In short, a degree of economic integration existed in West Africa long before the creation of ECOWAS and long before the coming of the Europeans.

The allocation of factors of production was also bound up with the intervention of the state. The history of the ancient states of Ghana, Mali and Songhai is intimately connected with attempts to monopolize complementary economic units and to capture long-distance trade routes.

By taxing the wealth derived from extra-subistence activities, indigenous states were able to support a bureaucracy, a military machine and the elements of a high culture. By constraining the movement of unfree persons they were able, too, to command labor on favorable terms. The rise, the fall and the intervening rivalries of indigenous states cannot be understood without reference to the constant struggle to create or to dominate regional economic integration.

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The four British colonies achieved their independence independently. The Federation of French West

Africa split into segments largely because the strong states (Senegal and the Ivory Coast) were unwilling to continue to subsidize weaker states.

With the end of colonial rule, some of the newly created states began to revive pan-Africanist ideas. The age-old motives for intra-regional integration had lost none of their force, and a new and powerful incentive arose as industrialization programs began to be implemented. Similarly, the age-old motives for resisting subordination took refuge behind their recently acquired sovereignty. The ensuing diplomatic dialogue, a characteristic mixture of rhetoric and realpolitik, fell into two phases.

In the 1960s, Kwame Nkrumah's Ghana, conscious of its position at the head of the anti-colonial struggle and backed by reserves from cocoa exports, made the running but finished exhausted. In the 1970s Nigeria, rapidly emerging as the wealthiest as well as the largest and most populous state in West Africa, set the pace.

Nigeria, with the most ambitious economic plans in West Africa, had the motive; the discovery of oil and the rapid rise in oil prices gave it the means; and the ending of the civil war provided the opportunity. Other states, notably Senegal and the Ivory Coast, viewed Nigeria's expansion with suspicion and alarm. They expressed their opposition in their anti-federal policy during the Nigerian civil war, and in the formation in 1975 of the CEAO (Communauté Economique de l'Afrique de l'Ouest), which sought to prevent a Nigerian-led economic grouping.

Nigeria's vigorous response was greatly assisted by the technique of "spraying," a term that Nigeria has contributed to the language of financial diplomacy. Opponents and neutrals were bought out or won over by financial inducements and by threats of exclusion from the opportunities offered by the oil-rich state. When ECOWAS was formed in 1975, it was an essentially Nigerian creation, and its existence today remains dependent on Nigerian funding.

The historical context sketched here suggests two conclusions. First, it is apparent that there has always been an economic community in West Africa. Its shape and significance have changed over the centuries, but its persistent strength has been its informality, which in turn has come from natural complementarities. Second, the role of the state has been at once pervasive and ambiguous. Governments have tried to generate and control intra-regional cooperation, but their actions have had costs as well as benefits. They have created economic opportunities and maintained political stability. They have also constrained freedom of movement and spent the proceeds of taxation unproductively.

The competing claims of integration and localism are probably more powerful today than at any time in the past. The balance between alternatives cannot be struck without reference to diverse territorial standpoints. Nigeria sees itself as the "good neighbor," bringing development to the rest of West Africa. Some smaller countries view their diplomacy as an undignified bid for regional hegemony.

To date, ECOWAS has achieved more by proclamation than in performance. Ultimately, however, its significance lies in what it represents for the future development of West Africa. If ECOWAS succeeds, it will undoubtedly become a vehicle for Nigeria's expansion. Yet Nigeria's gains need not be bought at the expense of its neighbors. Big may not be beautiful, but the advantages of scale can be shared by others. In negotiating the terms of affiliation, the members of ECOWAS can draw upon centuries of experience in regional cooperation.

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A regional port, which has a special status as an instrument for sub-regional economic cooperation. The port of Cotonou is the seaport for the Republic of Niger. It is also the port providing the quickest access to the east of Mali and the south and east of the Republic of Upper Volta.

Existing installations
On the Quai Commercial:
4 miscellaneous-cargo berths that can accommodate simultaneously 4 ships of an average length of 155 meters.
New since December 1981:
2 standard berths of 180 m each;
1 container berth of 220 m.
An RO-RO berth will be ready in the fourth quarter of 1982.
On the transverse quay:
1 berth for tankers and heavy materials of 200 m;
1 berth for loading vegetable oils of 160 m;
1 100-m secondary berth for trawlers;
1 outside berth of 200 m equipped with valve pneumatic fenders.
Storage facilities
4 cargo warehouses of 3,750 m² each;
2 cargo warehouses of 6,000 m² each;
1 container park of 65,000 m²;
—60,000 m² of asphalted yard;
—Large areas with numerous use possibilities.

There are in addition enormous capacities for covered and non-covered storage, as well as tanks for hydrocarbons and vegetable oils, in the port zone and outside. The basin is dredged to a depth of 11 meters below LWL.
There are modern installations for fishing: cold stores and an ice-making plant.
For ship repairs and careening there is a 250-ton ship lift and a well-equipped repair shop.
The Port of Cotonou has a wide range of handling equipment, including large-capacity forklift trucks (35 to 40 t), a 50-tonne mobile crane, etc.
Facilities for bunkering with fuel and diesel oil and drinking water.
TRAFFIC TRENDS
1970: 599,816 tonnes
1975: 755,308 " including 224,484 tonnes for neighbouring countries (Nigeria, Upper Volta, Mali).
1981: 1,166,038 tonnes, including 342,162 tonnes for neighbouring countries.



Cotonou: African Venice.

TOURING IN BENIN

The People's Republic of Benin with its historical vestiges, its lake villages unique in the world, its varied landscapes, its religious traditions (Benin is the cradle of Vodoo), its national parks and big game reserves is a country of predilection for tourism, a synthesis of Africa.

In fact Benin offers the visitor, in a small area, everything he wishes to find in Africa: beaches of coconut groves (Ouidah, Grand-Popo, Agoué); lagoons, rivers and streams where fish abound (Porto-Novo, Cotonou, Ouidah, Grand-Popo, Malanville); garden freshness in the palm groves (country of Bas-Oueme); lake villages on piles (Aguegue, Ganvie); historical museums of Abomey and Ouidah, ethnographic at Porto-Novo; homes clinging to the rocks of the mountains of Dassa Zaoume, concealed behind tropical vegetation or clinging to the bare slopes of the Tanakas hills; Bariba and Dendi horsemen (Parakou and Djougou); fortresses of the Somba population in the Atacora massif; abundant and varied fauna in the national parks of the "W" and the Pendjari in the northern savannahs; especially living folklore and art; all of which making it possible, with sustained interest, to find that a few hours from Europe, in a pleasant climate, what the people of industrialized countries are seeking for in order to relax, get away from things, change ideas.

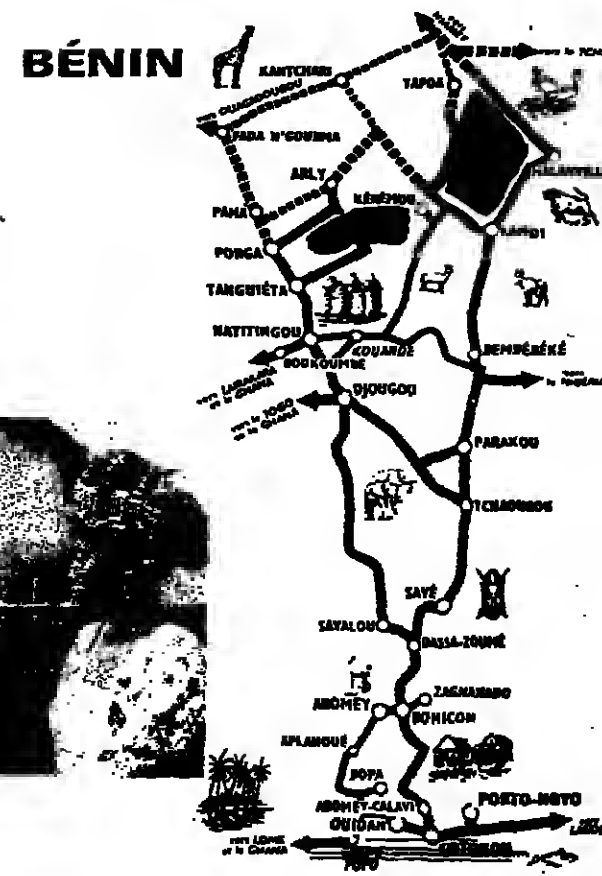
Tourist sites and curiosities

— The Atlantic province

Cotonou: "Koutounou" (whose name means in the Fon national language "on the banks of the lagoon of death") developed with the end of the slave trade. Cotonou offers the travellers arriving in Benin the charm of a coastal resort which has developed harmoniously alongside the small fishing village which was there a century ago. A modern town, Cotonou is the economic capital supported by the activity of its 192,000 inhabitants. Its enchanting beaches evoke Polynesia. Amidst the coconut groves and filices smart multicoloured villas line up as far as the centre of the modern town facing the ocean, with the Presidential palace and a large daily market (the Ganhi market).

The African residential districts are bordered by wide avenues which limit the blocks of houses known as the "squares" of Cotonou. You find Africa noisy and colourful, in the centre of the town, the area of the market and commercial activity. Dan Topka takes place every four days at the end of the lagoon, an extraordinary market where can be found the most unexpected goods, sign of the country's economic vitality.

Welcome to Bénin



Ministère du Tourisme
de l'Artisanat et des Loisirs
Direction du Tourisme
COTONOU, B.P. 032985
Tél.: 315179

Office National du Tourisme
et de l'Hôtellerie
ONATHO
COTONOU B.P. 89
Tél.: 313217 - Télex: 5032
République Populaire du Bénin.

DEFENSE

Steps Toward Communitywide Force Made; Defining Foe Is Controversial

By Kenneth Mackenzie

THE ECOWAS summit in Freetown last year broke new and controversial ground by passing a protocol setting up an ECOWAS defense force. The protocol needed to be ratified by the individual member states and the defense force is not yet in operation, but there is reason to believe that the plan will come into effect later this year.

This is controversial partly because it marks a definite move on the part of the organization into the political field. The original brief seven years ago was wide. The West African leaders at that first meeting in Lagos talked about multilateral cooperation in the fields of "industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary, financial, social and cultural matters."

Obviously, this amounts to more than mere trade agreements and the shopping of tariffs. And politics must enter into any attempt at a common market, as the European experience has shown. In West Africa, the political on the free movement of people is another example of a deeply political subject. But defense crosses the Rubicon, as it were.

Some Opposition

There is reason to believe that there was some opposition to the idea of the ECOWAS secretariat, mostly for practical reasons: it will cause a large amount of work, divisive strain and expense, while bringing only doubtful benefits. However, being loyal civil servants, the men of the secretariat will, of course, now do their best to carry out the wishes of the summit.

Among the heads of state at Freetown there was strong political argument lasting late into the night. The main opposition came from the left. The Senegalese President, Léopold Senghor, was against the idea of a defense force. He said the defense force was going to be a "left-wing" force. He said the defense force was going to be a "left-wing" force. He said the defense force was going to be a "left-wing" force.

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Trade Progress Hindered by Cross-Border Trafficking

THE HOST CITY of this year's ECOWAS meetings, Cotonou, is full of examples of how necessary a full economic union is in West Africa and also how difficult it will be to implement.

As a key access way to Nigeria, Cotonou is importing large quantities of goods nominally for internal consumption but often on-traded or smuggled to Nigeria. Cars, cigarettes, champagne, fur coats and lace all pass through Cotonou on their way to the ever-growing Nigerian market for these and other goods, import bans notwithstanding.

Nigerians come to Cotonou to buy consumer goods unobtainable at home or else only at prohibitive prices. There is also a thriving black market in hard currencies in Bénin, much to the detriment of the Nigerian naira, as Bénin is endowed with the French-backed CFA franc.

Cotonou is also one of the routes by which non-African textiles, shoes and batteries, all of which are also made in Nigeria, enter that country, seriously undermining the Nigerian industrial sector. Moreover, in the past Bénin has been an important route by which Nigeria has lost revenue from one of its most valuable agricultural exports, cocoa.

Factor in Revolution

Although a French-speaking and nominally Socialist country, Bénin is increasingly influenced by its proximity to English-speaking and free-wheeling Nigeria. Neither side has so far shown any great desire to alter the course of the relationship, which is becoming an important factor in the evolution of both countries.

Illicit cross-border trade is enormous throughout West Africa, and until countries can undertake fundamental measures to stamp it out or find ways of legalizing it, the ECOWAS program of "trade liberalization" that nominally started last year, has very little meaning or chance of success.

The new Ghana government points out that official trade between West African states is "negligible or zero" and it has therefore expressed a "general disillusionment" with aspects of the ECOWAS program such as the lifting of trade barriers. Similar views have been expressed privately by officials of other governments and by industrialists and financiers.

"The problem facing ECOWAS is that there is no trade in the real sense between the member countries, although there is substantial trans-shipment through coastal states to inland ones like Mali, Upper Volta and Niger," a U.S. banker asserted.

For ECOWAS executive secretary Dr. Aboubakar Diaby-Ouattara, the main priorities at present are to resolve the definitions of priority products, "community enterprises," import duties and taxes



TO MARKET: Official trade between West African states is negligible, but the unofficial market is an important one, and is a cementing factor between communities of the region.

and to undertake preliminary promotion of intraregional trade activities where none exist.

Important Stabilizer

Ironically, however, the smuggling of goods between the countries of West Africa is both a cementing factor between the communities of the region and an increasingly important stabilizer against the economic problems facing more and more countries.

There is now no country in West Africa that has not had to cope with balance-of-payments difficulties in the past 12 months. Nigeria provided the most recent and spectacular example of a country having to adjust to falling revenues from its most important export, in this case oil. It is a problem with which Senegal has long been familiar with its peanuts, as has Ghana with its cocoa, Sierra Leone and Liberia with their iron ore, and Guinea with its bauxite.

While many countries' economic establishments

have been tied to obtaining revenue from one dominant export, the commercial activity on the ground in West Africa has been fluctuating according to the earning power of the population and, in the food markets, is a constant reminder and measure of the ability of the population to survive in the most difficult of conditions.

With the average per capita income in West Africa reportedly under \$1,000 a year, there are constant problems of adequate nutrition, now that meat and the more essential food commodities are traded at prices ever closer to those anywhere in the world market. In these circumstances an important activity sustaining the standard of living is petty trading in all commodities and at all levels, and by its nature this trade involves the same irregularity that characterizes the relationship between Nigeria and Bénin.

ECOWAS has not yet been able to address itself satisfactorily to the questions of smuggling and irregular trade. Its removal of tariffs on raw materials

last year had no great impact because the traffic had never yielded significant revenue.

The progressive removal of tariffs on industrial goods will, however, be of some practical benefit in that by this means there could be some reduction of dependence on European and American supplies. The ECOWAS secretariat has drawn up criteria to classify industrial companies in West Africa and a general list of products is being liberalized over the next three years.

The so-called "relatively industrialized" countries of Ghana, Ivory Coast, Nigeria and Senegal will liberalize soonest, according to the ECOWAS timetable, but at present the industries of these countries are in few cases functioning efficiently enough to offer good products at competitive prices, while in Ghana, in particular, industry is hardly functioning at all.

Duplicating Industries

Moreover, the industries in existence in these countries duplicate each other exactly, with canning, food processing, batteries, pharmaceuticals, vehicle assembly, textiles, footwear, vegetable-oil mills, sawmilling, brewing and bottling, all having a difficult enough time surviving in their own environment without having the added problem of marketing abroad. In some cases distances are a hindrance, with the number of frontiers posing difficulties in land transport.

The greatest obstacles to West African economic unity are the imbalance between countries' levels of economic activity and the absence of freely convertible currencies. The countries that have detached themselves from currency support have undergone the most difficult times up to now, and there is no guarantee that the others will not eventually undergo the same stresses.

Whatever measures are taken in harmonizing industries and regularizing currency dealings in West Africa, there are still some directly relevant needs to be filled that can only come about by heavy investment and political commitment. The jointly owned Címaco cement plant in Togo is one example. Nigeria is also investing in a project to supply high-quality iron ore from Guinea for its Ajakuta blast furnace, and there will soon be substantial inter-West African trade in crude oil from new producers.

The growth of inter-West African trade will be not so much because of ECOWAS as despite it. But it is generally agreed that ECOWAS has some vital important roles to play, first in monitoring and only later in trying to manage the loose and often elusive West African economy.

—R.S.

Trade, Development Depend on Solving Problems With Currencies

(Continued from Page 75)

some sort of monetary coordination, for all transactions will still have to pass through the foreign-exchange intermediary.

Last year, the community asked the IMF to prepare a study on the convertibility of ECOWAS currencies as the first step toward a monetary union.

"But in the end it's really a political decision that ECOWAS must take," the source said, "and the IMF cannot make that decision for them."

Among the difficult issues to be addressed is the question of the CFA franc's reluctance to abandon the security of franc zone membership in favor of any new ECOWAS zone.

Though the CFA is directly convertible into hard currency, the many weak currencies within ECOWAS would almost certainly cause a community currency to be less robust.

Liberia would similarly be loathe to give up its direct U.S. dollar convertibility. Nigeria could also pose a problem. It would not want the oil-backed naira diluted by the weak currencies.

ECOWAS officials claim that the existence of the zone will not hinder ECOWAS monetary cooperation. In June, 1981, Dr. Aboubakar Diaby-Ouattara, executive secretary of ECOWAS, told West Africa magazine, "It [the franc zone] in a way is a blessing. That union makes a point that a group of developing countries can, if things are done properly, come up with a viable monetary union."

However, to follow the franc zone's example, ECOWAS would have to find an outside guarantor of the new currency, just as France guarantees the CFA franc. But ECOWAS money is unlikely to find a similar fairy godmother.

In light of these difficulties a far more realistic proposal than a single currency would be a system of convertibility links.

A series of adjustments would have to be devised so that overvalued currencies such as the Ghanaian cedi, the strong but unconvertible Nigerian naira and the convertible CFA franc and Liberian dollar would all link up in some mutually acceptable network.

Given the political and economic implications of such an agreement, with devaluations of the weaker currencies almost certainly required, such a project is sure to be a long time in gestation, with a single ECOWAS currency even further down the line.

So, for the time being, the convertibility problem will continue to plague ECOWAS trade, with most transactions between members forced along the inefficient and costly route of local currency converted to

hard currency and then converted back to the neighbor's local currency.

Only the CFA countries can trade easily among themselves. And their link to the French franc guarantees ongoing French domination of their foreign trade.

Industrialization in all ECOWAS countries, both the strong and weak currency members, will also be held back by the lack of convertibility. Many countries' markets are too small to justify the large investments modern manufacturing operations require. A project often becomes feasible only if it can supply neighboring markets.

As long as currencies cannot be easily exchanged, such industrial development remains a dream for the future. And of course, the reduction of tariffs between members will do little to promote free trade as long as payment difficulties are unresolved.

GHANA

THE 31st DECEMBER REVOLUTION, 1981

On 24 September, 1979, Ghana embarked on constitutional rule when the Armed Forces Revolutionary Council handed over the reins of government to a civilian administration with the hope that Ghana, once the shining "black star" of Africa, could recover from years of economic slump.

By 31st December 1981, however, two years of this experiment had brought Ghana nowhere near this dream. The signs on the wall clearly indicated that Ghanaians were yearning for a change, a change that could make them realize the dream of their independence won some 25 years ago.

The new year was to usher in this much expected dream. At 11 a.m. on Thursday, 31st December, 1981, the familiar voice of F.L.L. J.J. Rawlings was heard on the radio. He announced that the government of the People's National Party under Dr. Hilla Limann had been overthrown, and a "holy war" launched. "This was not a coup d'état," he said, but a revolution that would "transform the socio-economic structure of the country."

F.L.L. Rawlings said that he had come to the studio not to impose himself on the nation but to create the conditions for farmers, workers, soldiers, the rich and the poor to be part of the decision-making process. Decisions, he emphasized, should no longer be left in the hands of the few.

He said that the period of the PNP regime had been years of "repression." The return of F.L.L. J.J. Rawlings meant different things to different classes of people. To the ordinary workers, farmers, fishermen, the unemployed and the down-trodden, "the SAVIOUR" had come again.

Memories of June 4th, 1979, were suddenly recovered. To the elite ruling class it was a return to the AFRC days. The Armed Forces Revolutionary Council (AFRC) under the same F.L.L. J.J. Rawlings had come to reign for a period of nearly four months. The Council had attacked corruption, mismanagement, exploitation and the grossly-quick attitude of Ghanaians and in a short space of four months endeavored itself to the broad masses of the people. The four months had given confidence to the worker and had generated a new awareness among the people.

Yet, no sooner had the civilian administration taken over (September 24, 1979) than the few gains of June 4th were suppressed. The government of Dr. Limann kept reminding Ghanaians that it was necessary to maintain stability. Close associates of June 4th were harassed, suspected soldiers were dismissed from the Armed Forces; F.L.L. Rawlings himself was retired from the Air Force, and all attempts were made to suppress movements that articulated the objectives of the AFRC.

While tightening "security" to maintain "stability," the People's National Party, under Dr. Limann, were unable to deal with the growing economic crisis. The opposition parties, realizing the impotence of the PNP to deal with vital issues of the moment, made plans for a merger to unseat the government at the next elections (June 1982). Workers' hopes were dashed when at the height of hyperinflation, black marketing, hoarding, profiteering and price-rise the Limann government announced that they could not control prices. (The speed with which prices went down during the AFRC era was fresh in people's minds).

Radical students, progressive movements, and even the youth wing of the People's National Party itself, bitterly criticized the government for lack of political direction. A successor party of Dr. Nkrumah's Convention People's Party (CPP), as the party adherents claimed, was expected to be dynamic, progressive and revolutionary but the PNP in power failed to meet the expectation of the people.

By 31st December, 1981, the frustration of a great majority of the people was quite evident. Exodus of manpower to the neighbouring countries was a common phenomenon. The foreign exchange coffers were empty. Over 90,000 tons of cocoa had been locked up in the hinterland. Government expenditure could be met only through borrowing from the banks, and a constant printing of money had brought the value of the cedi, the local currency, to a disgraceful low. The productive sector was almost depleted, and the Government's Trade Liberalization Policy had shifted attention and resources to distribution. "Buy and sell" Corruption became rife and armed robbery was resurging. Meanwhile, foreign financial control of the country's economy was increasing in strength every day. Jerry Rawlings was concerned about "those who have been toiling and sweating in the factories, in the fields, those humiliated workers, soldiers, policemen since September 24, 1979 suffering for little or no reward." He says: "To have simply sat back and watch things go on and lose the ability to react would have been inhuman." And "the reaction of 31st December, 1981 was a human outcome of previous situations."

Ghanaians, according to J.J. Rawlings, have seen enough of a traditional form of

leadership which abandons the people once it is in power. Hence, the need for the people's involvement.

The response of Ghanaians to the call to form defence committees was almost simultaneous. Within a month of the call by F.L.L. Rawlings about 1,000 People's Defence Committees were formed in the Accra Region alone — in the factories, offices, work places, barracks and in the communities. Other towns and villages embraced it with all enthusiasm "to defend the democratic rights of the people and expose corruption."

After only four months of the Revolution, a number of positive achievements already stand to the credit of the PNDC.

A general consciousness among the people that the destiny of the country lay in their hands has become very effective. Without any prompting, defence committees and other communities have undertaken clean-up campaigns, pothole filling, other forms of voluntary labour and business houses have donated huge sums of money towards road rehabilitation and other social services. One of the most outstanding voluntary programmes has been undertaken by the youth. Students of the three

universities and other institutions of higher learning abandoned their classrooms and spread themselves around the country and worked day and night. They evacuated cocoa, rebagged fertilizers, patrolled the country's borders, initiated village development projects and engaged in political education of the masses.

When the students returned to campus in April last, the vacuum did not take long to fill. Task Forces have been found in every region, and the job the students is continuing.

Prices of commodities and services are under constant pressure to reduce. Following appeals initially made by PNDC to landlords, traders and other categories of business concerns, 15 to 30 per cent cuts were voluntarily announced. But the government was not satisfied. In March, the Rent Law was passed, reducing rents by 50 per cent. In the same month, new transport fares were published. Then in April, the Ministry of Trade released new prices of commodities from the basket essential like soap to a luxurious item like television.

The expected effect of all these is to make life easier for the majority of the people who are in the low-income group.



F.L.L. J.J. Rawlings, Chairman of the ruling Provisional National Defence Council of Ghana, addressing workers in Accra during a massive demonstration in support of the new Government.

One of the first economic measures taken was the suspension of the 1981-82 budget for the entire public services presented by the Limann administration. Nominal rolls of staff in the public services have been compiled, and a new budget is expected to be presented soon.

While efforts continue to reduce wastage in the system and give the cedi a new value, a new machinery has been set in motion to investigate tax evasion with a view to recouping unpaid liabilities to the state. The Citizens Vetting Committee set up to ensure this vigilance is empowered primarily to investigate persons whose life styles and expenditures substantially exceed their known declared incomes, and whose bank balances being in credit are in excess of \$50,000.00. Where the Committee is satisfied with its investigations it may order the forfeiture to the state of any property of persons who stand trial at a Public Tribunal.

Since it was established, the Committee has interviewed several people most of whom were found not to have paid taxes on their declared incomes. One such case was that of a Sales Manager of a public company who failed to pay tax on his other income from a fishing net business. Having made cash lodgements of \$900,000.00 in the bank over a period of five years ostensibly from his fishing business, this person failed to pay any taxes. The Committee therefore gave him 48 hours within which to pay his liability of \$1,400. Such fines are reported daily from the proceeds to the Citizens Vetting Committee, and huge sums of money are accruing to the State. The CVC whose proceedings are open and public have succeeded in introducing a new sense of discipline in the public service.

One other source of income which is yielding results is the Customs and Excise Department. Rigorous controls and effective checks at the country's ports of entry have earned millions of cedis for the Central Treasury. For example, the Customs office at the Accra Airport is now collecting more than twice what it did in previous years.

At a time when all avenues for evasion and of corruption are being blocked, a National Investigation Committee has also been established by law to investigate, among other things:

(a) allegations of corruption, dishonesty, or abuse of office for private profit against any person or persons who held high office of State or any public office in Ghana; and

(b) any person who may have willfully and corruptly acted in such a manner as to cause financial loss or damage to the state.

The Committee continues to sit, and a number of public servants and politicians in the previous regime have appeared before it. Those against whom adverse findings have been made are being referred to the Attorney-General, Public Prosecutor or the PNDC for further steps to be taken.

It is significant to note that because legal counsel is allowed, there is an air of relaxation as well as credibility around the proceedings at these Committee sittings.

The remarkable side-effect of all these processes is that the average Ghanaian is becoming more law-conscious, as well as being nationalistic. The essence being that the Revolution is succeeding in persuading people to re-orientate their thinking and actions toward the national good. Reports of the way members of the previous government mismanaged loans and other grants offered to Ghana plus the way they misused themselves for their selfish interests have raised the consciousness of Ghanaians above the level of vigilance that is required.

If people in power took decisions without thinking of the effects they would have on the majority of the population, the Revolution has come to correct this. The nation first, the Revolution seems to say. And even then, it is the majority interests that must at all times be catered for.

"Ghana is not a poor country" so begins the preamble to the Government policy guidelines. With all her resources in timber, minerals, and cocoa, with a high level of educated manpower, plus large tracts of fertile land and a hard-working people, Ghana has realized that there is no excuse for the "poverty" attributed to it. Rather, the poverty has come about because of (mainly the strong grip of) external financial interests on the economy which result in losing capital and internal mismanagement as well as wasting of resources rising out of bad government. Secondly, because of the laissez-faire attitude of previous governments, a lot of importers suddenly sprang up with a shifting of capitals from production to trade. Thirdly, the lack of government control on the economy gave licence to such anti-social views like corruption, bribery, exploitation and robbery.

The main objective of the present Revolution is to correct these anomalies, to redirect the economy as well as create a democratic system in which the people organized from the roots would take their own destiny in their hands.

Colonial mentality, arising mainly out of the educational programme and social arrangements, has been a psychological factor that must be corrected. The whole educational system, therefore, is going to be restructured.

Cultural alienation, which has also been brought about by years of association with foreign culture, is being tackled with a new cultural policy.

Ghana, which is basically an agricultural country, has in the past only paid lip service to food production on a grand scale. The unfortunate mentality that agriculture, or specifically farming, was an occupation for the illiterate is gradually giving way and the resolution to make Ghana self-reliant in food production in the shortest possible time is very much alive.

After four months of the Revolution the main thrust of the Government is now becoming clearer. A self-sufficient agriculture is expected to be the basis of a self-reliant economy. The policy of the Government would be to protect the economy from loss of resources to the country, preventing of internal waste and improvement in the export sector. Foreign investment would be welcomed but to the extent that it promotes mutual benefits and reinforces the national sovereignty.

The Revolution also aims at achieving a new democracy that will cease to be the monopoly of the elite but one that would respond to the will of the broad masses of the people.

MAKING IT WORK

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clocks to Cotonou, staging post for the Lagos magnet.

ECOWAS has had a fairly busy year. The Council of Ministers approved the "brown card" patterned on the EEC's "green card" for cross-border motor insurance claims. The agreement brought together insurance companies, bus transporters, chambers of commerce as well as government. The community is moving toward an interstate road transportation convention to harmonize laws and improve the movement of people, goods and services. Moderate strides were made toward an energy policy while a tree-planting decade, starting in 1983, will attempt to resolve the crisis caused by increasing use of fuelwood and charcoal. EEC experts have been called in to advise on the ambitious Lagos Plan of Action, which aims to make west Africa self-sufficient in food by the end of the century.

There are plans to exploit mineral resources more thoroughly — they earn 80 percent of the ECOWAS foreign currency. But geological surveys are out of date. An ECOWAS airline is under consideration, including the idea of merging it with Air Afrique (40 percent owned by the French UTA). The telecommunications project will furnish an integrated telephone network between states, without having to dial London or Paris. Much will still have to be done to improve phone links within national borders. The mail system is awful — and allegedly impeding ECOWAS business. The

Liberian delegation to the Cotonou meeting complained that it had not received important documents sent to Freetown.

One stumbling block to community progress is the fact that it is hardly known to the subregion's 150 million people. There are now plans for public enlightenment programs, using the mass media — radio, presumably, for television is still rare and only a small proportion of the population can read newspapers.

The problems facing ECOWAS lie deeper than the level of public relations. But compared with the more elderly European Economic Community, it does have some things going for it. ECOWAS was born with all its 16 potential members joined up, unlike the EEC, which has had a series of convulsive swallow-and-digest exercises these past few years. And despite apparent ideological differences among members, ECOWAS has not come undone over issues like the recognition of Western Sahara. Capitalist Nigeria and Socialist Guinea are among the community's most enthusiastic protagonists. As the Guinea progress report underlines, ECOWAS is merely the starting point for the establishment of an all-African common market. Certainly, guests at the welcome cocktail party for ministers in Cotonou preferred the band's rendering of "Africa Unite" (Bob Marley version) to all the other songs on parade. Though Kwame Nkrumah's vision of a united Africa seems a millennium away, the infant ECOWAS, at least, may be ready for weaning.

ASSESSMENT Community's Chief Challenge Is Acquiring the Will to Confront Problems

The following excerpts from the annual ECOWAS report given by the executive secretary, Dr. Aboubacar Diaby-Ouattara, provide a revealing commentary on the health of the community.

• **Monetary union:** "Any meaningful progress in the development of national economies and of the subregion is predicated upon the pursuit of a sound and coordinated monetary policy at the community level."

"It is, therefore, a matter of utmost regret that the ECOWAS monetary cooperation program seems to have stalled for the entire year. Given the sensitive image the monetary sector has come to acquire, it requires political commitment and directive at the highest level to make the necessary joint effort. If ECOWAS is to make any progress — and this is a dire necessity — then a high-level political directive needs to be issued quite soon."

• **Likewise support:** "The community has not been progressing so fast as it is capable of and is desirous of doing. It was established to facilitate the development process, and since almost all factors indicate that the prospects for development will continue to dim in the years to come, it is incumbent upon member states to do everything possible to make the community lighten the development burden. West Africa cannot afford to allow ECOWAS to limp along."

"Part of the failure of the community to move ahead full steam stems from an apparent lukewarm attitude of some member states over a number of important issues. The economic difficulties facing the subregion may account for this in some instances, but if it is remembered that an integrated West African economy would remove most of these difficulties in the fu-

ture, it is hoped that all member states would see fit to make sacrifices expected of them. The solidarity that exists between countries of the subregion must be backed by a political commitment at the national level."

"In any economic grouping, both benefits and losses in whatever form they may occur are inevitable in the global sense. Without the necessary intervention at the community level, traditional economic theory tells us that the relatively less developed member states are more likely to bear a greater proportion of the losses while the relatively more developed take a disproportionate part of the gains. Even with intervention, it may take some time before the benefits spread adequately to those states sustaining losses initially."

• **Economic management:** "Economic management at the highest level holds the key to the future development of the subregion. It will not be out of place to reiterate the crucial importance of designing proper policies to tackle the deep-rooted structural and other problems that beset the subregion, especially those relating to the lack of a well-defined and realistic development strategy; the overall low efficiency of institutions in the public sector; poor management and accountability; the neglect of export-oriented industries and the continued biases in the incentive systems against agriculture."

• **Agriculture:** "It is disheartening to note the poor performance of this [the agriculture] sector in recent years. Indeed, for the community as a whole, self-sufficiency in food production has fallen from an index of 111 in 1969-71 to as low



Aboubacar Diaby-Ouattara

as 98 in 1980... the need for community strategy and program is of crucial importance since agriculture and its related activities will continue to be the mainstay of the economies of the subregion in the foreseeable future."

"The sluggish growth in agricultural production has been compounded by the energy crisis, which has severely taxed the ability of most ECOWAS countries to maintain any significant development. For them any improvements

that might have occurred in living conditions are only marginal."

"On the positive side there have, however, been encouraging developments. A meeting of ECOWAS agriculture ministers was convened in Cotonou last month to draw up the blueprint for agricultural development in the subregion, including a common agricultural policy. This is a momentous step in the life of the community."

• **Industrial program:** "Since a first draft of the legal regime to

regulate enterprises of regional status had been completed last year, it was hoped that the final draft document [protocol relating to community enterprises] could have been produced and adopted early enough for the executive secretariat to have concentrated attention on the formulation of a regional industrial development strategy. Unfortunately, two revisions to the documents had to be undertaken during the past year. Ghana, Mauritania, Niger and Nigeria have reservations on various articles in the protocol, while Upper Volta reserved its position on the whole protocol."

• **Decision-making:** "With the community moving into the operational phase, it has become necessary to have well-established machinery in each country to coordinate and monitor the implementation of ECOWAS decisions and programs. These national ECOWAS secretariats should be supported by a heightened awareness within the governmental machineries of the existence and importance of ECOWAS and its programs. These are among the basic requirements if there is to be an improvement in the performance of member states in meeting community obligations."

"In view of the lengthy time taken over the whole process in arriving at decisions and getting them implemented, even on issues that are not of very vital importance to the security of a country, a review of the situation was proposed. A distinction has to be made on issues where unanimity or consensus or majority decisions are necessary, and also what decisions can end at commission or council or authority level to become enforceable and which ones need to be ratified. The objectives of the review would be to combine thoroughness

with speed of action, and to remove the tendency to frustrate those member states who are eager and have taken the trouble to ensure that the community moves ahead."

• **National interest:** "There are important variables, such as national interest and ceding of some aspects of national sovereignty that are not normally given the weight they deserve in the analysis but that are crucial for the success of the community is based on consensus. As the work of the community is based on consensus, our activities are sometimes bogged down because member states are unwilling to part with some aspect of national interest for the greater benefit of all. A review of the mechanisms for formulating plans and programs is, therefore, necessary if the community is to have the necessary impact on the lives of the people in the subregion."

• **ECOWAS staffing:** "The community has just had to face the unpleasant but necessary task of dismissing some officials sent by member states to serve in its institutions. This came about because the recruitment procedure that had to be adopted did not permit the requisite thorough screening to determine the professional competence of those who were to fill important positions. To insure that qualified and experienced personnel are recruited, there ought to be a modification of the recruitment procedure... Free posts have gone unfilled because those member states to whom vacancies were allocated through the quota system have been unable to supply suitable candidates... The community should be able to recruit its staff on a more competitive basis and encourage those member states who can afford to release qualified personnel to do so."

ENERGY

Blueprint for Self-Sufficiency Drawn

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developed countries who are still at the threshold of modern industrial civilization."

The 14 "Priority Survival Energy Projects" are energy efficiency and conservation in buildings, road transportation, industry and electric power production, transmission and distribution; small and medium hydropower; natural flared gas utilization; solar heat for industrial, domestic and agricultural uses; infrastructure for photovoltaic solar energy systems; alcohol fuel production from agricultural wastes; integrated agricultural system; electric power grid interconnection; desalinated water and coal as fuels; wind energy; improved wood and charcoal stoves and fuel plantations; energy data management system for ECOWAS states; ECOWAS energy technology division and training and development of technical manpower.

The more promising of these projects include:

• **Buildings:** The symposium report says there are large numbers of commercial and public buildings in the ECOWAS states that consume a significant fraction of the region's energy — and usually it is imported energy. Yet, consumption can be reduced substantially at low costs without lowering lighting and comfort standards. This would be done by teams of specialists (engineers, architects, building-maintenance personnel) assessing and advising on where energy can be conserved. Funding would be provided by the buildings' owners. Apart from measurable savings in energy, the scheme would create a core of trained people who could advise on the construction of new buildings, whether hotels, factories or private houses.

• **Transport:** Again, trained teams would scour the cities and countryside in an effort to reduce wasteful use of gasoline. Measures would also include taxes or import restrictions on high-energy-consumption vehicles, better traffic flow in cities, driver training and vehicle maintenance to improve car, truck and bus efficiency, and the shifting to more suitable means of transport such as rail, water or mass transit.

• **Industry:** Here, energy consumption can be reduced without a drop in output, through better equipment, processes or practices. This covers energy intensive (steel, cement, mining, food processing) to less intensive (assembly plants, textiles, electronics, industries). Consultants from industries worldwide would be retained, but with the core of the teams drawn from ECOWAS citizens. In the same way, teams of mechanical and electrical engineers would visit each power station in the subregion to inspect turbines, engines and the electrical generation and transmission.

These are all short-term measures. In the long term, there would be a community view on the most efficient construction of buildings, vehicles, factories and

power stations. For the moment, however, the stress is on making the best of inefficient tools.

• **Solar resources:** Photovoltaic system (the direct conversion of the sun's energy into electricity through solar cells, has good possibilities, particularly in the cloudless Sahel region, where the poorest ECOWAS countries are situated. Water pumping is now done by the same process. But though the cost of the cells is being reduced, they are still expensive. Here, too, a photovoltaic team would advise on the installation and best design, backed by a special ECOWAS fund.

As in direct solar radiation, the recommendations are that it should concentrate on two areas — hot-water heaters for hospitals, laundries, hotels and similar buildings; and crop drying equipment. Passive solar collectors for hot water reduce energy bills so markedly that they can pay for themselves within one or two years.

As food is more of a problem than energy in West Africa, the sun used for crop drying could serve a twofold purpose. Significant post-harvest losses of durables (grains and legume seed), roots and tubers (cassava, potatoes) and perishables (fish, fruit, vegetables) occur because of the seasonal nature of production or harvesting. If the shelf life of agricultural produce can be extended by weeks or months, the nutritional status of the population is likely to improve. At the same time, the food import bill will drop.

Here again, there is a need for trained cadre, functional solar units and the choice of the best agricultural produce selected for drying.

• **Wood and charcoal:** Many Sahelian cities are experiencing fuel wood and charcoal shortages and consequent rising prices. Measures, initiated by a fuel-wood staff, would be taken to improve the situation. More efficient wood and charcoal stoves could be developed and fuel-wood plantations could be planted. Reforestation programs would be coupled with this.

• **Integrated agricultural system:** This is perhaps the most practical and most important of all the recommendations, so long as over three quarters of the ECOWAS population lives on the land and the other 25 percent depend heavily on what they produce. This is the "anaerobic digester system," a cyclical method that uses manure and can be built to accommodate a single family or large enough to handle waste from thousands of animals. The digester enhances sanitation, provides nitrogen-rich fertilizer, methane gas for fuel and protein-rich algae for poultry, swine, fish and even human food. The system has worked well in the Philippines, Papua New Guinea, Sri Lanka, China and Taiwan — but has been a failure in West Africa.

Now it is hoped that ECOWAS will be able to have properly managed integrated programs that will succeed.

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ECOWAS

TRANSPORTATION

Focus of Development Shifts from Coast; Interstate Planning Beginning

By Lisa Buckingham

WEST AFRICA'S transport system has the dubious distinction of living up to almost all the horror stories told about it. The enormity of the region's transport problems is legendary and will take years and billions of dollars to put right.

But since interstate transport is in its infancy, future development could provide a fully integrated system throughout the region.

Until recently the dominance of overseas markets has concentrated resources along the coastline. Ports were developed and capital cities grew around the natural trade focus. Now, though, attention is being turned inward to improving domestic hinterlands, crossing borders and rail links, the development of smaller ports to specialize in major coastal cargo and building up of air-cargo facilities.

Given money and time, links can be developed before trade puts too much pressure on transport. And the often bungled result of trying to join together developed transport systems can be avoided. Sadly, this ideal already looks as though it could shatter, with Nigeria unilaterally adopting a different rail gauge from other countries and risking the costly result already demonstrated in the European Economic Community, where the different gauges, for example between Britain and West Germany, prohibit easy container interchange and mean costly transshipment.

Erratic Development

Despite being the second-largest recipient of World Bank aid in the region, transport has suffered from erratic development and political and economic instability. Cost is not the only deterrent; lack of management expertise and often a reluctance to bring in outside consultants has created chaos in many areas. Even when outside expertise has been used the result has often been less than satisfactory.

In Nigeria, for example, something akin to an international rail has followed the two-year management contract at Nigeria Airways awarded to the Dutch airline KLM. And similar problems have arisen over the three-year rail contract being carried out by the Indian government.

"Probably the most sophisticated interstate transport is by sea, thanks largely to the importance of Nigeria as a market for developed nations whose shipping lines, on the strength of massive earnings from the oil-rich state, have undertaken enormous capital expenditure to outpace the tide."

Other West African countries have gained largely from modern, highly secure container shipping and as the major shipping companies have moved up the coast toward or from Nigeria, interstate traffic — mainly the more sophisticated goods — hitches a ride.

Port Congestion

Other lines have been building up roll-on roll-off services, designed originally to beat the notorious port congestion in the area and to carry project cargo coming from Europe. Intra-African trade has benefited enormously from these services particularly in cutting delays — which are proportionally greater on coastal journeys.

Although the shipping arena is heavily dominated by companies from developed countries, the impending implementation of the United Nations cargo-sharing code — which decrees that 40 percent of a country's trade shall be carried in its own ships — has seen a building of indigenous shipping companies like Nigeria's National Shipping Line, Ghana's Black Star, and Ivory Coast's Société Ivoirienne de Transport Maritime (SITRAM).

As Nigeria's imports dominate the trade of most third-nation shipping lines serving the region, the recently imposed import restrictions may see withdrawal of some smaller, more finely geared independent lines, and this could

open the way for West African entrepreneurs to move into the coastal trade.

Port facilities and development are extremely uneven. In some ports the major shipping lines can operate at their own berths; at others, the latest generations of ships cannot even enter. But it is not so much port facilities that hinder trade — shipping companies are notoriously resourceful when there is money to be made — it is the appalling bureaucracy and often corruption that thrives in the major gateways.

At Lagos, the average clearance time for a container is 22 to 23 days which adds hundreds of dollars in storage charges to the basic freight rates. It also increases the likelihood that shippers will be forced to pay bribes to meet delivery schedules. Bureaucracy at Abidjan is threatening to deprive this port of its status as a major gateway and service point for the landlocked states.

Container Overspill

Attempts are under way to relieve the bottlenecks and encourage all seaborne trade by opening up river ports and new, rail-linked container terminals. In Nigeria, the Federal River Terminal in the river state near Onne, a 110-million-naira investment, is being built to take container overspill from Lagos, and at Sapele a 120-million-naira port has just been commissioned to serve the new steel works at Ajaokuta.

At Sierra Leone's major port, Freetown, there are proposals to build a container terminal enabling the port to handle more traffic for landlocked countries possibly moving into Abidjan's role where 5 percent of traffic is destined inland for Upper Volta, Mali and Niger.

Ivory Coast has just about the best transport system in West Africa, but its dominance as a feeder center for the region is being challenged by Togo's port of Lomé which is now linked to the landlocked hinterland countries by a highway that has cut 400 kilometers off the coastal access road from Abidjan and is shifting traffic away. Lomé can currently only handle vessels up to 15,000 tons deadweight, but the Togo government, keen to capitalize on hinterland links, is pressing forward with a plan to build another pier that should double capacity.

Revival for Ghana's main ports in local or deep-sea trade looks a long way off because of the state of the country's economy. Hopes that more coastal traffic could be attracted by a planned deep-water port of Ada, at the mouth of the Volta River, have now been all but dashed as the development plan fades.

The Douala-Bonaberi port complex in Cameroon already has one berth completely allocated to coastal shipping, and plans to improve and deepen the approach channel should give a boost to this trade.

A number of other projects are being discussed but there is little realistic chance of many of these taking place soon, and the uneven allocation of port resources is almost sure to last for many years to come.

Railways — probably the key to developing trade within the region — are coming in for investment although the sums needed to improve the present network will be massive. But rail offers the chance of low freight rates over long distances and is particularly suited to low value, bulk cargo, such as steel, which are of major importance to the region.

Here, the major problem is Nigeria's determination to go ahead with a different rail gauge from other countries. The country's rail development, thanks largely to the Indian government contractor, Rites, is progressing much faster than in many other states. Container rail operation operates from Lagos to Kano, and Kaduna and Maiduguri will soon be added. Inland clearance depots have been established in these centers, which saves confronting the chaos at the port of Lagos, and freight charges are lower than road.

The Nigerian government is now set on building the first standard gauge line along 287 miles between Port Harcourt and Makurdi and a branch from Otorokpo to the new Ajaokuta steel works, which is planned to handle 1,500 tons of freight at 50 miles per hour.

One of the more promising projects that is again being discussed is the \$300-million extension of the Cotonou-Parakou rail line into Niamey in Niger, which it is reckoned could be handling around 2 million tons of cargo a year by the year 2000.

Ghana's rail network is almost a writeoff because the country devoted so much attention to roads during the 1960s but a World Bank loan is helping refurbish locomotives and freight cars as well as making a start on the uphill task — which most of the states still have to tackle — of training efficient management.

Most successful of West Africa's present rail systems is the meter-gauge Abidjan-Niger link, which has seen a good level of investment and has four more years of Ivorian government guaranteed investment topped up with World Bank funds assured.

Road transport, traditionally the backbone of interstate transport, has also developed erratically with some magnificent expressways and many — often impassable — single-track roads.

The task of building highways for truck haulers, who mainly insist on operating vehicles that would be more at home with a scrap dealer than sagging under loads often stacked 10 feet high, is dispiriting, but there are a number of promising projects under way. In Nigeria, contracts have just been awarded for the Omitika to Okegbe highway, scheduled for completion within the next year, and the contract for the extension of this highway to Asikpo is due to be announced soon.

Littered With Wreckage

In Ivory Coast, \$110 million of World Bank funds is being used to develop highways and refurbish existing tracks, but there is some doubt about the standard of roads being constructed, particularly when close deadlines are set on completion. The highway constructed from Kaduna to the new federal Nigerian capital of Abuja is already potholed and its 170-kilometer length is littered with the wreckage of trucks and cars.

Compared with the basic demands of road and rail transport, developing airfreight in West Africa may sound exotic and, indeed, cargo by air is one of the more perilous ways of sending goods.

At Nigeria's showpiece, Murtala Mohammed Airport in Lagos, for example, West Africa's largest airline, Nigeria Airways, is cheerfully and optimistically hawking by fraudulent means to a foreign consortium, the clearing agent waits until the goods are put up for auction — a move designed to cut congestion — then buys his own goods cheaply, and because the airline does not monitor goods sent for sale the agent then sues Nigeria Airways for loss of goods.

Delays in customs clearance are common, and the airlines rarely operate on schedule. Even the aircraft is changed: one unsuspecting shipper loaded goods onto a unit load device (ULD) designed for a Boeing 737 only to find that the aircraft had been changed to a Fokker Friendship was to be used and his cargo was far too large for the aircraft.

Average clearance times at airports are around five days to a week, which makes a mockery of this expensive form of transport.

However chaotic the area's transport system may be, it is not impossible to send goods if a shipper is determined enough. But without the basic infrastructure, considerable effort is needed for what should be a simple operation, and well-ordered competition that can offer shippers price and service choices cannot even begin until the foundations have been laid.

A Case for Optimism in the Cause of Union

By Graham Mytton

THERE are a bewildering number of African regional organizations and groupings. The West African subregion alone has at least 20. Even the keenest student of West African affairs would be hard-put to keep up with these organizations, their functions and membership, let alone to know whether they produce the intended results.

When ECOWAS was established in 1975, there was a feeling that it was just another West African grouping. Its name did not help. Economic Community of West African States was too much of a mouthful for most newspapers. The acronym ECOWAS was unknown, so the organization was often referred to as the West African Economic Community, producing further confusion since one already existed. The CEAO (Communauté Economique de l'Afrique de l'Ouest) still groups six of the nine Francophone countries in West Africa and has always been referred to in English as the West African Economic Community.

It has always been intended that ECOWAS should be different. It is the first all-inclusive body that uses no criteria of economics, language or politics, and it includes all 16 countries in the region from Nigeria in the east to Mauritania in the west.

ECOWAS was the first of a new kind of economic grouping, encouraged by the UN Economic Commission for Africa (ECA). It has been followed by the launching of similar bodies, one for Central Africa and the other for East and Southern Africa. If these are successfully established, all sub-Saharan African states will eventually be grouped in one of these three economic communities.

Target for Market

African states have given themselves a target for a pan-African common market by the year 2000. The feeling is that economic reorganization offers greater possibilities for cooperation than the more political rivalries within the Organization for African Unity, at present involved in controversies over the Polisario movement and Chad. Despite the walkouts that have paralyzed recent OAU meetings, member states with substantial differences are discussing economic affairs with a greater degree of cooperation and even of harmony. This does not mean that political differences do not threaten economic cooperation, but the latter is often possible when difficulties persist on the political front.

The East African Community, which collapsed in 1977, is a case in point. The EAC survived six years of bitter conflict, and even war between Tanzania and Uganda. At a time when those countries had no relations at the direct governmental level, citizens of each country worked together within the many institutions of what was still Africa's most successful community. Its collapse was brought about less by the Tanzania-Uganda divide

than by the coincidence of major economic and political differences between Kenya and Tanzania.

Still, similar rivalries in West Africa destroy ECOWAS or prevent it from being effective. It is difficult to draw direct comparisons. The East African Community was built on the foundations of many years of cooperation between the three East African territories when they were under British rule. Political unity was even a possibility but it never came to fruition when the three countries became independent at different times and established separate national governments, each on a different political path and each with different nation-building problems.

The colonial legacy of Kenyan economic dominance was not broken and the community, despite some brave attempts at change, was

ECOWAS should be able to harness the potential for cooperation among West Africa's people...

never able substantially to alter this fact. Kenya saw the EAC as favoring the other two states in the shared services like railways, airways, posts and harbors. Tanzania saw it as giving Kenyan industry an unfair advantage in an open common market. If a community had been established from scratch without this legacy of colonial inequality or if there had been greater determination on all sides to solve the problems, the EAC might have survived.

In West Africa, Nigeria is potentially more dominant than Kenya ever was in East Africa. More than half West Africa's population is Nigerian. Nigeria is beginning a major program of industrialization. Will the products of its industry, like those of Kenya, dominate the subregion? Will its officials and businessmen loom too large throughout ECOWAS because of their sheer number and importance? There are two real grounds for optimism. The first is that the Nigerians are aware of these facts as they have encountered them in various ways during the last few years, and are anxious to ally them. Observers close to the Nigerian Foreign Ministry say that the No. 1 priority in Nigerian foreign policy is the establishment of good relations at all levels within the ECOWAS region.

The second ground for optimism is that, although Nigeria is an economic giant, its industry is nowhere near developed enough to be a dominant exporter to the rest of West Africa. Its factories cannot yet supply the home market, and that market is one of the fastest growing in the world. There is a voracious appetite for manufactured goods, and an even greater demand for food.

Nigeria does not feed itself and has to import. This gives the rest of West Africa the chance of being a source for Nigerian imports. Already, neighboring countries like Niger and Benin are exporting food supplies to Nigeria. And Nigeria is investing in agriculture in Ghana and Benin and in mining in Niger and Guinea. In each of these cases the intention is, in part, to supply the Nigerian market. If there is concern, it is that Nigeria will prove to be too strong a magnet for West African goods. Some of the highest prices paid for food in West Africa are in Nigeria's bustling urban markets.

As far as the other groupings go, especially the Francophone CEAQ, it appears that they will be able to coexist with ECOWAS. ECOWAS does not preclude bilateral agreements or cooperation on specialized matters between groups of countries within the region and beyond it.

In the currency and tariffs area, ECOWAS is being realistic. So much that is said and written about West Africa ignores the reality that regulations and laws about such matters are as often broken as they are adhered to.

The informal economy of West Africa is of great symbolic as well as economic importance to the whole region. For, while the officials, diplomats and politicians argue about exchange rates, tariffs, duties of ratification and the abolition of visas, their citizens get on with their business. They do not read government gazettes, but they have as good an understanding as anyone of the state of the naira, the price of cocoa and the cost of transporting 100 tons of groundnuts from Bamako to Kano.

ECOWAS should be able to harness the undoubted potential that exists for cooperation between West Africa's people, and provide the essential infrastructure — roads and telecommunications in particular — to help the process.

A common language has helped bring together the Francophone states and has sustained cooperation in banking, communications and education. The same is true for the five English-speaking states, which still communicate far more readily with one another than with their French-speaking neighbors.

Educational institutions have lagged behind in teaching English and French, and there is hardly any teaching of Portuguese outside Cape Verde and Guinea-Bissau. No doubt increased demand and opportunity for these languages will help. No doubt also, the use of Hausa at the eastern end of the Sahelian belt will grow.

In this area of human change, the informal sector has already shown the way. It is traders, market women, camel drivers and the like learn those words and phrases that they need to carry on their business throughout the region. What develops naturally in this way is often far more valuable and lasting than anything arranged by governments.

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Le Colonel Zérbo, Président

HAUTE-VOLTA



Colonel Zérbo, President

Le Chef d'Etat répond aux questions posées par Rupert Bibra

The Head of State answers questions put to him by Rupert Bibra

UPPER VOLTA

Question: Excellence, quelle est d'après vous la décision la plus importante à prendre au cours du prochain sommet de la CEDEAO à Cotonou en Mai 1982?

Réponse: Dès qu'il s'agit de la CEDEAO, toutes les décisions sont d'une importance extrême. Comme vous le savez, la Communauté Economique des Etats de l'Afrique de l'Ouest constitue une expression concrète et pratique de l'unité africaine et renferme une immense promesse en tant qu'instrument de croissance et de développement régional.

L'enjeu est donc extrêmement important, et pour la Haute-Volta toute décision qui entre dans le droit fil de cette préoccupation majeure est importante. Dès qu'il s'agit d'organiser collectivement le destin, les décisions ne doivent plus être appréciées en fonction de tel ou tel pays mais plutôt en fonction de tout l'ensemble communautaire. Il n'y a donc pas de questions plus importantes les unes que les autres, mais peut-être des questions plus urgentes les unes que les autres en fonction des nécessités, des prévisions et de la nature des objectifs poursuivis. Ainsi donc, pour la Haute-Volta, la décision la "plus importante" à prendre au cours du prochain sommet de Cotonou, serait celle qui réaffirmerait encore plus concrètement l'esprit communautaire de l'organisation dans l'intérêt bien compris des populations qui vivent à l'intérieur de ce vaste marché qu'est la CEDEAO.

Question: En Haute-Volta il y a beaucoup de spécialistes internationaux et des organisations d'aide mondiales telles la FAO, UNESCO, UNO, etc.

Qu'est-ce qu'ils ont apporté à la Haute-Volta, et que pensez-vous de leurs actions?

Réponse: Toutes ces organisations d'aide mondiales et tous ces spécialistes internationaux ont apporté et continuent d'apporter à la Haute-Volta ce qu'ils apportent aux autres pays mais certainement davantage à la Haute-Volta dans la mesure où nous sommes non pas un pays pauvre mais plutôt sous-équipé. Leurs actions constituent un appoint précieux et inestimable aux efforts insaisissables du peuple voltaïque dans sa quête du bonheur. Je leur en suis beaucoup gré pour leur esprit d'abnégation et leur constance.

Question: La chute du régime "Limann" de Ghana, vous a causé des problèmes pour l'immigration, etc.

Pensez-vous qu'avec le régime "Rawlings" il sera possible de renouer et de trouver un terrain d'entente?

Réponse: Entre le Ghana et la Haute-Volta, la coexistence pacifique n'est pas un vain mot. La Haute-Volta continue comme par le passé d'entretenir les meilleures relations possibles avec le régime "Rawlings" et nous savons que du côté des nouvelles autorités d'Accra il y a ce même désir de vivre en parfaite harmonie avec les voisins. C'est vrai que suite à l'action de la Saint-Sylvestre qui a porté au pouvoir le Capitaine Rawlings, des citoyens ghanéens ont passé la frontière et sont venus chez nous en tant que réfugiés. Nous les accueillons comme tels et pour autant qu'ils respectent la législation internationale sur le statut des réfugiés. Mais cela n'altère rien à la tradition d'amitié que vivent le Ghana et la Haute-Volta. Ainsi l'expression "trouver un terrain d'entente" n'est pas fondée dans la mesure où entre Ouagadougou et Accra il n'y a jamais eu de fausse note.

Question: Il y a un grand boom dans le secteur du tourisme en Haute-Volta. Ceci a certainement des côtés positifs et des côtés négatifs aussi (changement social), etc., que pensez-vous de cela Excellence?

Réponse: La Haute-Volta est une réalité touristique et ceux qui y sont déjà venus peuvent l'attester. Créé en 1976, notre tourisme ambitionne de répondre aux impératifs d'un pays sahélien souffrant de l'enclavement et qui oeuvre depuis novembre 1980 dans le cadre des nouvelles orientations politiques.

Il s'agit pour nous, de revaloriser l'impact de l'industrie touristique qui était jusqu'à présent, d'engendrer progressivement notre capacité hôtelière sur toute l'étendue du territoire national, de former un personnel qualifié à tous les niveaux, de veiller à la protection et à la revalorisation de notre patrimoine touristique et enfin de redynamiser l'administration des services touristiques et hôteliers.

Il est important de savoir que la Haute-Volta, malgré son enclavement, possède une offre touristique inestimable: mode de vie des populations, habitat, richesse du paysage, du folklore, de l'artisanat et de la faune sauvage.

Ce sont toutes ces raisons qui expliquent aujourd'hui le grand boom dont vous parlez. Les côtés positifs d'un tel tourisme ne sont pas à démontrer si l'on se situe au strict plan des devises et de la connaissance du pays.

Mais comme vous semblez le dire il pourrait y avoir des côtés négatifs. Mais soyez rassurés nous sommes sur nos gardes. Pour sauvegarder notre "moi" culturel et pour éviter la prostitution de nos mœurs nous avons pris l'option d'un tourisme sélectif à la dimension de nos moyens.

Question: Etes-vous satisfait avec les projets d'investissement? Pensez-vous que les pays de l'Ouest vous apporteront mieux encore puisque les pays communistes n'ont pas investi, même au Bénin par exemple où l'investissement n'est que de 10 % du total dont les 90 % autres sont assurés par l'Ouest?

Réponse: En matière de développement, je ne pense pas qu'il soit de bonne guerre de s'estimer satisfait. Ce que nous recherchons c'est toujours de trouver les voies et moyens pour réaliser encore davantage nos nombreux projets. Sur ce plan nous ne jetons l'exclusivité ni sur l'Ouest ni sur l'Est. L'est entendu que toute aide, tant qu'elle respecte notre souveraineté et notre dignité nationales est la bienvenue. L'Est comme l'Ouest, nous aident chacun à sa manière et dans son style propre, dans notre effort de développement. Nous soulignons que cela continue et même se renforce. Nous pensons que les pays de l'Ouest comme ceux de l'Est sans nier l'importance de leur apport actuel et passé peuvent nous soutenir encore davantage dans notre constante volonté de développement.

Question: Your Excellency, what do you think is the most important decision facing the ECOWAS Cotonou May '82 Summit?

Answer: When it's a question of ECOWAS/CEDEAO, all decisions are of extreme importance. As you know, the Economic Community of West African States constitutes a concrete and practical expression of the ideal of African unity and contains immense promise as an instrument for growth and regional development.

The stakes are therefore extremely high, and for Upper Volta any decision which enters into the grain of this important matter is crucial. As soon as it's a question of collectively organising one's destiny, decisions must no longer be considered in terms of such and such a country, but rather in terms of the communal group. There are thus no questions which are more important than others, but perhaps questions which are more urgent than others in terms of the need for forecasting and planning, and of the nature of the desired objectives. Hence for Upper Volta the "most important" decision to take in the course of the next summit at Cotonou will be to reaffirm in an even more concrete fashion the community spirit of the organization in the unique, well-understood interest of the peoples who live within this vast market known as ECOWAS/CEDEAO.

Question: In the Upper Volta there are many specialists from international aid organizations like the FAO, UNESCO, UNO, etc. How useful has been their contribution to Upper Volta's progress?

Answer: All these world organizations and international specialists have brought and continue to bring Upper Volta what they bring to other countries, but certainly more to Upper Volta in so far as we are not a poor country but rather an under-equipped one. Their actions constitute a priceless and highly valued contribution to the unflagging efforts of the Voltaic people in their quest for happiness. I am very grateful to them for their spirit of self-sacrifice and constancy.

Question: The fall of the "Limann" régime has caused problems for you, immigrants etc. Do you think you can develop the same close relationship with the new "Rawlings" régime?

Answer: Between Ghana and Upper Volta, peaceful co-existence is not an empty word. As in the past Upper Volta maintains the best possible relations with the "Rawlings" régime, and we also know that the new authorities in Accra share our wish to live in perfect harmony with its neighbors. It is true that, as a result of the events of the feast of Saint Sylvestre which brought Fli. Lt. Rawlings to power, Ghanaian citizens crossed the border and entered Upper Volta as refugees. We accept them as such, so long as they respect international legislation on the status of refugees. But that takes nothing away from the traditional friendship which exists between Ghana and Upper Volta. Thus the expression "find a ground for understanding" has no foundation in so far as there has never been a sour note between Ouagadougou and Accra.

Question: Tourism is a boom activity for Upper Volta—what are the benefits and what is the price in terms of social change, Your Excellency?

Answer: Upper Volta is a touristic reality as recent tourists will confirm. Created in 1976, our tourism aims to answer the imperatives of a Sahelian country suffering from being landlocked and has been working since November 1980 on new political orientations.

For us it was a question of revalorizing the impact of the tourist industry which was up until then considered a fringe activity, and progressively to build up our hotel capacity throughout the nation, to form a qualified staff at all levels, look out for the protection and revalorization of our tourist heritage, and finally to revitalize the administration of our tourist services and those of the hotel trade.

It is important to know that, in spite of its being landlocked, Upper Volta has something invaluable to offer in the touristic domain: the way of life of the people, their habitat, the richness of the countryside, of the folklore, of the cottage industry/native craftsman, and of the wild life.

All of these are reasons which explain the current tourist boom which you speak of. The positive sides of such tourism are no longer to demonstrate whether one places oneself within the narrow confines of foreign currencies and of familiarity with a country. As you seem to suggest there may be some negative aspects. However rest assured that we are aware of them. To safeguard our cultural "integrity", and to avoid the prostitution of our customs, we have opted for selective tourism within the limitations of our means.

Question: Are the West investing in Upper Volta at the pace you would like? For example, the Eastern bloc powers only give 1/10 of the investment moneys according to Benin - is the West generous enough to the Voltaiques?

Answer: As far as development goes, I don't think it's quite fair to feel satisfied about it. We are always looking for the ways and means better to realize our plans. In this regard we don't exclusively depend on the West or on the East, as it is understood that all aid, so long as it respects our national sovereignty and dignity, is welcome. We only hope that it continues and even increases. We believe that the nations of the West, as those of the East, without denying the importance of their present and past contributions, can give even greater support to our continuing desire for development and growth.

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Dow Jones Averages

	High	Low	Open	Close	Change
30 Stk	1013.1	1008.5	1010.0	1009.5	-0.5
Indust	1013.1	1008.5	1010.0	1009.5	-0.5
Transp	1013.1	1008.5	1010.0	1009.5	-0.5

Standard & Poors Index

	High	Low	Open	Close	Change
Composite	113.4	113.0	113.2	113.1	-0.1
Utilities	113.4	113.0	113.2	113.1	-0.1
Finance	113.4	113.0	113.2	113.1	-0.1
Transp.	113.4	113.0	113.2	113.1	-0.1

Odd-Lot Trading in N.Y.

	Buy	Sell	Net
June 16	1013.1	1008.5	1009.5
June 15	1013.1	1008.5	1009.5
June 14	1013.1	1008.5	1009.5
June 13	1013.1	1008.5	1009.5
June 12	1013.1	1008.5	1009.5

Market Summary, June 15

Market Diaries

	Open	High	Low	Close	Change
NYSE	1013.1	1013.1	1008.5	1009.5	-0.5
AMEX	1013.1	1013.1	1008.5	1009.5	-0.5

NYSE Most Actives

Symbol	Volume	Price	Change
IBM	1,234,567	150.00	+0.25
GE	987,654	120.00	-0.10
AT&T	876,543	110.00	+0.15

Dow Jones Bond Averages

	High	Low	Open	Close	Change
30 Yr	101.3	100.8	101.0	100.9	-0.1
10 Yr	101.3	100.8	101.0	100.9	-0.1
3 Yr	101.3	100.8	101.0	100.9	-0.1

NYSE Index

	High	Low	Open	Close	Change
NYSE	1013.1	1008.5	1010.0	1009.5	-0.5

AMEX Stock Index

	High	Low	Open	Close	Change
AMEX	1013.1	1008.5	1010.0	1009.5	-0.5

AMEX Most Actives

Symbol	Volume	Price	Change
IBM	1,234,567	150.00	+0.25
GE	987,654	120.00	-0.10
AT&T	876,543	110.00	+0.15

Tuesday's NYSE Closing Prices

Symbol	Price	Symbol	Price	Symbol	Price	Symbol	Price
IBM	150.00	IBM	150.00	IBM	150.00	IBM	150.00
GE	120.00	GE	120.00	GE	120.00	GE	120.00
AT&T	110.00	AT&T	110.00	AT&T	110.00	AT&T	110.00
...

New Issue
June 1982

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S.G. Warburg & Co. Ltd.	Algemeene Bank Nederland N.V.	Arab Banking Corporation (ABC)
Al-Mal International Limited	Atlantic Capital Corporation	Bache Halcyon Stuart Shields Incorporated
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Banque Générale du Luxembourg S.A.	Banque de Paris et des Pays-Bas	Banque de l'Union Européenne
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BUSINESS BRIEFS

GM, Isuzu Set Up Tunisian Venture

TOKYO — Isuzu Motors of Japan and General Motors will produce trucks and station wagons in Tunisia with local partners, Isuzu said Tuesday.

The joint venture, Industries Mecaniques Maghrebines, is to begin producing 4,000 Isuzu trucks and 2,000 Adam Opel station wagons a year by 1984. Production is to reach 7,000 trucks and 3,000 wagons a year by 1989. Parts will come mostly from Japan and West Germany, the officials said. Adam Opel is a West German subsidiary of GM.

The venture has capital of 2.2 billion yen (\$8.8 million) and is owned 10 percent by Isuzu, 30 percent by GM, 51 percent by Afrique Autos of Tunisia and 19 percent by three Tunisian banks, the officials said.

Bethlehem, Expecting Loss, Cuts Pay

BETHLEHEM, Pa. — Bethlehem Steel said Tuesday it expects to have a loss in the second quarter and plans to cut the salaries of about 250 executives.

For the first quarter, the company reported a loss of \$66.7 million. In 1981's first half, Bethlehem earned \$103.5 million.

The salary reduction is to be 10 percent for officers and directors and 5 percent for all other members of the management.

Budd to Drop Subway-Order Suit

NEW YORK — Budd Co. has agreed to drop a suit that sought to block the Metropolitan Transportation Authority of New York from awarding a \$660-million subway car contract to Bombardier of Montreal.

In return, the MTA agreed to reconsider buying the 825 cars from Michigan-based Budd, a unit of Thyssen of West Germany. The agreement allows the MTA to file its contract with Bombardier for approval by the state legislature's Public Authorities Control Board.

The agreement, negotiated Monday, allows Budd time to seek financing from the U.S. Export-Import Bank to match the subsidized terms offered by the Canadian government if the job goes to Bombardier. In its suit, Budd asserted that Bombardier received improper financial backing from Canada.

NEC to Build U.S. Computer Plant

TOKYO — Nippon Electric said Tuesday that its NEC Information Systems unit will soon start building a 2.7-billion-yen (\$10.8-million) factory at Foxborough, Massachusetts, to make small business computers and related equipment.

The factory is expected to be completed by mid-1983 and employ about 500. NEC said that, with completion of the factory, its annual U.S. sales of small business computers and related equipment are expected to rise 80 percent from the present level to 45 billion yen.

Cities Files Suit in Mesa Struggle

TULSA, Okla. — Cities Service, pressing its takeover battle against Mesa Petroleum, filed suit Tuesday in Chicago against Continental Illinois National Bank & Trust in connection with the bank's role in Mesa's offer for Cities stock.

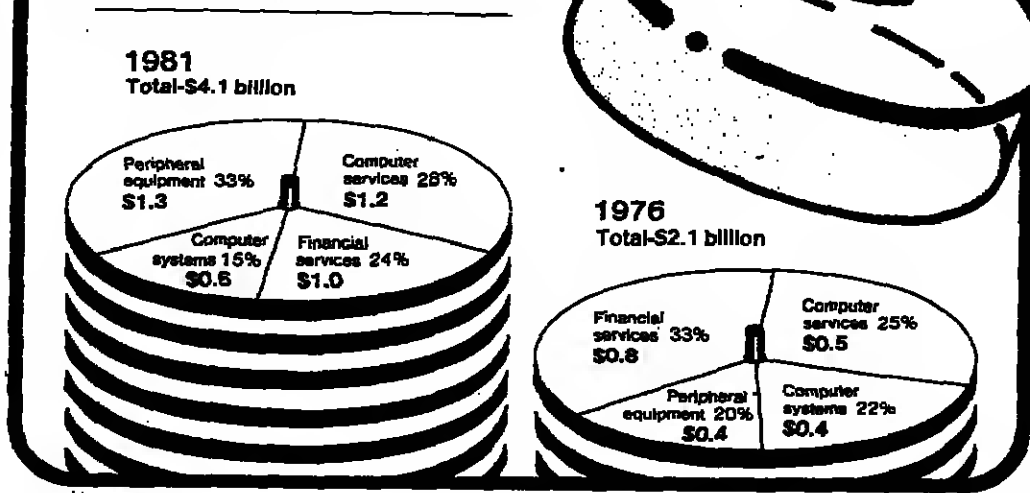
The lawsuit, filed in federal court, charges that Continental arranged Mesa's tender offer financing in violation of the Securities and Exchange Act of 1934 and certain regulations of the Federal Reserve System. Cities said its suit also alleges that Continental attributed inflated values to Mesa's offer to support the Mesa financing and that Continental used improper backing for the financing.

Mesa is offering \$545 million, or \$45 a share, for 15 percent of Cities and is believed to be seeking partners to finance a bid for control of the larger oil company. The Amarillo, Texas-based company already owns 41 million shares of Cities. In an effort to block Mesa's plan, Cities is offering \$777 million, or \$21 a share, for 51 percent of Mesa.

Compiled From Agency Dispatches

A Push Into Peripherals

Percent of contribution to Control Data's main lines of business, dollar figures for revenues in billions



Control Data Alters Product Mix To Gain a Bigger Slice of Market

By Winston Williams

New York Times Service

MINNEAPOLIS — Control Data, the \$4.2-billion computer giant, is finding its marketplace both crowded and hectic these days.

Long the leader in the refined market for supercomputers — the "number-crunchers" used for such tasks as nuclear weapons research, weather forecasting and oil exploration — Control Data now shares that field with an offspring, Cray Research, formed a decade ago by Seymour R. Cray, who helped found Control Data 15 years earlier.

These days Control Data stands midway in the cluster of mainframe computer manufacturers that trail behind International Business Machines. It is also a force, but not the only force, in the substantial market for peripheral equipment — especially disk memory and printers sold to other computer companies. Control Data has more than 60 percent of that market.

A sluggish first quarter has turned the company's attention to immediate concerns, as recent announcements of plant closings and large-scale layoffs indicate. With other peripherals makers chipping at its lead, Control Data is paring inventories, repackaging products and — more fundamentally — looking to computer services to safeguard its future.

The large, mainframe, non-IBM companies — Honeywell, Sperry and NCR — just aren't making any headway, Thomas Niemic, an analyst with Piper, Jaffray & Hopwood, said. "They're losing market share, and they're going to have to redirect their efforts. Control Data has already done that."

Above all, Control Data is bent on avoiding a repositioning of the financial trauma that bled it so badly when the 1971 and 1974 recessions caught the company off balance.

Control Data had committed itself to large outlays when the recession of 1974 rolled in. In 1974, the company had a loss of \$30.7 million in its computer services earnings, largely from development costs for the data processing services Control Data won in the 1973 settlement of its antitrust suit against IBM.

"We went through exactly the same thing in 1974 and 1975 that we're going through now," said Robert M. Price, who became president and chief operating officer two years ago, bringing what he called a new management discipline and profit-consciousness to the company.

Mr. Price noted that sales of large computers — long the company's mainstay — slowed sharply last year. The small-computer business has been hard in the past few months, and profit margins are narrowing, as they have in earlier periods of slack demand. In the first quarter this year, earnings were down 5.2 percent to \$38.3 million from the year-earlier \$40.2 million, despite an 8.2-percent gain in revenue to \$1.04 billion.

Mr. Price said he thinks it is possible to surpass the competition in profitability, especially if the economy recovers in the second half. But the company will pour more resources into computer services, hoping that division will succeed peripherals as the next major line of business.

Services include time-sharing computer networks, development of customized programs, and batch data processing, performed on the company's own com-

(Continued on Page 15, Col. 1)

Volcker Sees Recovery Starting in Second Half

Compiled by Our Staff From Dispatches

WASHINGTON — Paul A. Volcker, chairman of the Federal Reserve Board, said Tuesday that the U.S. recession is about over and that "we can look forward to some recovery later this year."

Mr. Volcker also told the joint Economic Committee that the monthly price indexes are going to rise more rapidly in the next few months because of higher energy costs. But he said this would not reflect a real increase in inflation because recent declines in the price indexes have been overstated.

"The basic trend of inflation is clearly down," he said.

Adding to other recent indications that the recession is slowing, the Fed reported Tuesday that industrial production by U.S. factories and mines declined in May for the ninth time in 10 months, but only by 0.2 percent.

Production of consumer goods rose 2.3 percent, but output of business equipment and basic metals continued to drop sharply, the report said.

The overall May decline was much less than the 0.8 percent drops in March and April. Other recent indicators have been mixed, though the unemployment rate — directly related to production cutbacks — rose to 9.5 percent in May, the highest in 41 years.

Lackluster fall and winter sales — accompanied by the fact that high interest rates have made it expensive for businesses to hold big inventories — are generally considered to be the main reasons that production has dragged and the recession has lingered.

In his testimony, Mr. Volcker said that interest rates are extraordinarily high but that "if we do the right things I don't see any place for these interest rates to go than down."

When asked if his inclination was to make no change in monetary policy after the July 1 meeting of the Fed's policy-making Open Market Committee, Mr. Volcker said, "Maybe that's a fair summary."

He said that growth in the money supply has conformed with the Fed's intentions so far this year. He attributed the above-target-

range growth in the M-1 measure of the money supply to a large increase in NOW account deposits, which he said currently make up about 20 percent of M-1. NOW accounts are interest-bearing checking accounts, and their deposits make up M-1 along with currency in circulation and deposits in non-interest-bearing checking accounts.

Mr. Volcker said that to the extent the growth in M-1 reflects transitory behavior such as the move into NOW accounts, "allowing some additional growth of money over this period has been consistent with our general policy intentions."

Committee chairman Henry Reuss, a Wisconsin Democrat, said the Fed should increase its M-1 growth target by 2 percentage points to a range of 2.5 percent to 7.5 percent for the final six months of this year.

Rep. Reuss noted that M-1 has grown about 7 percent so far this year, well above the upper end of the 2.5 percent to 5.5 percent target range.

He said that if the Fed now attempts to bring M-1 back into that range money will be too tight and interest rates will be excessive.

Rep. Reuss has called for a trade-off: Smaller deficits by Congress in exchange for easier money from the Fed, but Mr. Volcker has refused to agree to such a deal.

Mr. Volcker insisted Tuesday that the Fed should not allow more rapid money growth in an effort to reduce interest rates more quickly.

Traders were disturbed Chemical Bank and Continental Illinois raised their loan rate for brokers to 15 1/4 percent from 14 1/4 percent and U.S. Trust went to 15 1/4 percent. These moves came a day after Citibank returned its prime lending rate to the prevailing 16 1/4 percent.

The federal funds rate, too, overnight loans between banks, also rose to a high of 14 1/4 percent Tuesday from an average of about 14.26 percent Monday.

On the NYSE floor, oil stocks were weak, reflecting concerns that Israel's invasion of Lebanon could result in the disruption of mid-east oil supplies.

Declines were recorded by Exxon, off 1/4 to 27 1/2, Standard Oil of California 1/4 to 32, Phillips 1/4 to 30 1/2, Atlantic Richfield 1/4 to 40 and Shell 1/4 to 38.

U.S. Steel was the volume leader, slipping 1/4 to 18 1/2 on turnover of 1.4 million shares.

Credit markets advanced a little in quiet trading Tuesday, dealers

Stock Prices on NYSE Continue to Decline

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed lower Tuesday, although an upturn in the last hour brought the market up from earlier lows and the Dow Jones industrial average above the 800 mark.

The Dow average dropped to the 795 level during the day but managed to climb back in late trading to close off 0.58 at 801.27. Declines led advances by about 900 to 500, and volume was about 45 million shares, up from the 40.1 million traded Monday.

Analysts said the market had also rallied late last week when the Dow average held at the 795 level. But many observers expect it to fall below that level soon. Selling increased when the average pierced 800 in the morning Tuesday.

Many investors were placing their cash in high-yielding money market instruments rather than stocks or bonds because of interest rates that have remained at abnormally high levels for more than two years.

Credit markets advanced a little in quiet trading Tuesday, dealers

Foreign Firms Subjected to U.S. Hiring Law

By Robert C. Siner

International Herald Tribune

WASHINGTON — In a decision that could hurt U.S. trade relations, the Supreme Court held Tuesday that subsidiaries incorporated in the United States by foreign companies must comply with U.S. laws barring job discrimination.

In a unanimous ruling, the high court drew a distinction between a foreign company doing business directly in the United States and one doing business through a locally incorporated subsidiary. The court found that by incorporating in the United States, such a subsidiary loses its character as a foreign company. Thus, the unit fulfills the right, granted to foreign companies in trade treaties, to bring in from abroad executives and other specialists without regard to the U.S. civil rights law.

Japanese Defendant

The United States has such treaties with some two dozen countries, including almost all its major Western trading partners and Japan.

Foreign companies operating in the United States have been nervous about the case, fearing that it will force them to pass control of their companies to U.S. citizens. Some U.S. trade officials fear that other countries will revoke exemptions given to U.S. companies overseas.

The case decided Tuesday involved Sumitomo Shoji America, a Japanese export-import company.

The company, whose products include metals and fertilizers, brought in its top personnel from Japan rather than promoting Americans working in its New York office. Twelve female employees sued the company in 1979, claiming that it was subject to U.S. laws banning job discrimination on the basis of sex, race, color, religion or national origin.

The company claimed exemption from the law under a 1953 commercial treaty between Japan and the United States. The treaty provides that "companies of either party shall be permitted to engage technical experts, executive personnel and other specialists of their choice" within the territory of the other country.

Sumitomo's claim was rejected in January 1980, by a lower court.

and the Japanese company appealed to the Supreme Court.

In turning down the company's appeal, Chief Justice Warren E. Burger, speaking for the court, ruled:

"As a company of the United States, under the literal language of the [1953 treaty], Sumitomo cannot invoke the rights which are available only to companies of Japan operating in the United States and companies of the United States operating in Japan."

The chief justice noted, however, that Sumitomo could try to prove that Japanese citizenship was a valid job qualification or that its preference for Japanese workers in certain positions was a "business necessity." The high court was not deciding those questions, he said.

Profit-Taking Cuts Dollar's Early Gains

Compiled by Our Staff From Dispatches

LONDON — The dollar closed below the day's highest levels Tuesday after Federal Reserve Board Chairman Paul A. Volcker said that U.S. money supply growth has conformed with intentions so far this year, analysts said.

News of his testimony triggered some profit-taking, and the dollar's rise along with higher Euro-dollar rates. But the upward trend resumed after his later remarks that the recession is about over and price indices are likely to rise more rapidly.

Operators seem to be reassessing their attitude toward U.S. interest rates and are starting to view the prospect of an easing in the short term as unlikely, dealers said.

This is helping to strengthen the dollar further against European currencies, despite signs Tuesday of intervention by both the Bundesbank and Swiss National Bank to hold the mark down their currencies.

The dollar rose to a new high of 2.4198 Deutsche marks, little changed from 2.4215 Monday, and 2.0685 Swiss francs, virtually unchanged.

The dollar rose to a new high of 2.4198 Deutsche marks, little changed from 2.4215 Monday, and 2.0685 Swiss francs, virtually unchanged.

The reaction of British financial markets to the end of the war in the Falklands was generally muted, with dealers saying the military success had been expected and already taken into account.

"There is definitely no euphoria," one dealer said.

U.S. Backs More Steel Complaints

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. International Trade Commission, ruling on a second round of complaints, Tuesday made a preliminary determination that the U.S. steel industry is being harmed by imports of certain steel products from four countries.

The commission voted to uphold the subsidies complaint filed in early May by U.S. Steel Corp. regarding imports of South Korean hot-rolled plate, hot-rolled sheet, galvanized sheet and welded carbon pipe and tube as well as pipe and tube products from Brazil, France and West Germany.

The agency rejected complaints regarding imports of South Korean cold-rolled sheet and Italian pipe and tube.

Under U.S. trade laws, the complaints that were upheld will be sent to the Commerce Department for further consideration. U.S. Steel wants the government to place countervailing duties on the imports.

The cases were separate from those in which the Commerce Department Friday found that steel being shipped from nine foreign

countries to the United States has benefited from illegal government subsidies.

In Düsseldorf, the association of EEC steelmakers, Eurofer, said penalties imposed by the Commerce Department Friday on steel imports from European companies constitute "grave interference" in world trade.

A statement, made available by the West German Iron and Steel Association, said that, in light of the U.S. decision, Eurofer members reaffirm their desire for closer cooperation and their backing for an extension of EEC steel output quotas.

U.S. Commerce Secretary Malcolm Baldrige said Monday that it is up to the Europeans to break the impasse with the steel industry in the United States over steel imports.

Mr. Baldrige said he still hopes for a settlement. He said the EEC and U.S. steelmakers were unable to reach an agreement on European steel exports last week because the EEC nations could not agree among themselves on voluntary limits proposed by steel executives in the United States that would in-

clude steel tubing for the oil industry.

The Europeans wanted to exclude goods used principally by oil companies from any voluntary agreement because those items account for about 20 percent of their exports. The U.S. industry was afraid that the Europeans would shift exports from restricted goods to the oil-related products if the latter were not limited, Mr. Baldrige said.

"The U.S. won't budge," on the tube and pipe issue, he said. "The EEC will have to get together on that."

"If both sides agree, there will be less trade friction than if the suits are carried to the ultimate," Mr. Baldrige said. "It depends on the Europeans. We're ready to negotiate."

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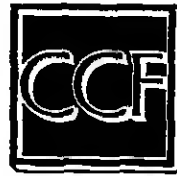
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New Issue • May 27, 1982

U.S. Lists Guidelines For Antitrust Lawsuits

Compiled by Our Staff From Dispatches
WASHINGTON — The U.S. government, seeking to reduce uncertainty about what types of mergers it will allow, has published guidelines more lenient than previous antitrust policy.

But the Justice Department and the Federal Trade Commission, which share antitrust responsibility, said Monday that they did not believe that their statements would lead to any significant increase in mergers.

"There is no question they are somewhat more permissive," said William F. Baxter, assistant attorney general. "Their underlying philosophy" — one that the Reagan administration was following even before the guidelines were issued — "is that mergers are a very, very healthy phenomenon of the capital markets and should not be interfered with except under exceptional circumstances," Mr. Baxter added.

"One of the most important things these guidelines do is to indicate regions of safe harbors where management can plan without having to worry about whether the Antitrust Division will pop out of the closet," he said.

Separate Guidelines

The Justice Department and the FTC issued separate guidelines. While generally parallel, they differed importantly in at least three respects. The biggest difference appeared to be the FTC's decision to put specific figures on the points at which a merger might be regarded as anticompetitive and thus subject to challenge.

The FTC chairman, James C. Miller 5d, said that the commission "basically" agreed with the

department on what merger policy ought to be and that it would give "considerable weight" to the department's formulation when evaluating horizontal cases, those involving competing firms. This was the first time the FTC, which reviews about twice as many mergers as the Justice Department, has published enforcement standards.

The Justice Department's new guidelines update those it first issued in 1968.

"New economic thinking and new judicial attitudes and decisions have rendered the 1968 guidelines largely obsolete in important respects," Attorney General William French Smith said. "Although the new guidelines are inevitable, the more important comparison is to the actual practice of the department over recent years. Viewed in this light, the new guidelines constitute an evolutionary change — not a revolutionary change."

Mr. Smith said that while the administration "is committed to a strong antitrust policy that will safeguard competition," the public is ill-served "when unnecessary uncertainty about government enforcement standards inhibits otherwise lawful and pro-competitive commercial transactions."

Under the new Justice Department guidelines, the first thing to be studied and defined is the market in which competition might be reduced.

Once the market is defined for horizontal mergers, the new guidelines measure the competitiveness of an industry by using an index devised by the late Orris C. Herfindahl. The Herfindahl index is held



William F. Baxter

to more accurately measure the market structure than the traditional analysis of the top four companies, employed by the old guidelines.

In applying the Herfindahl index, the Justice Department would calculate the percentage of the market each company would have as a result of a merger. Each percentage then would be squared and all added together to get the Herfindahl index. Thus, 10 companies that each had 10 percent of the market would have a Herfindahl index of 1,000.

If the index is less than 1,000 after a merger, the Justice Department would not challenge the merger, considering the market to be unconcentrated. If the index is above 1,800, a challenge would be more likely. Six firms, each with approximately equal shares of the market, would give the industry a 1,800 rating, for example, the Justice Department said.

More Talks Are Sought On Export-Credit Pact

Compiled by Our Staff From Dispatches
PARIS — The chairman of the negotiations among major industrialized nations on a new export-credit arrangement has urged that the current agreement be extended 10 days to give more time to reach a compromise over the issue, diplomatic sources said Tuesday.

The agreement, which sets minimum rates on export credits, was due to expire Tuesday. It had already been extended twice after originally being due to run out May 15.

The sources said it would probably take until late Wednesday for members of the Organization for Economic Cooperation and Development to reply to the proposal made by Axel Wallen, the Swedish diplomat who has led the negotiations.

EEC finance ministers agreed Monday to raise the interest rates they charge on soft loans to boost exports, but the increases fell short of the level sought by the United States. Washington has threatened to start a credit war if the EEC does not bring its lending terms into line with international money rates.

The EEC officials agreed to increase charges for all but the poorest countries who benefit from industrialized nations' export credits.

The present agreement provides three sets of interest rates for relatively rich, intermediate and relatively poor countries.

The EEC proposed that interest rates for the first category be

raised 1 percentage point to between 12 percent and 12.25 percent, and for intermediate countries by 0.25 percentage point to 0.5 percentage point to give new rates of from 10.75 percent to 11.5 percent.

The ministers agreed to reclassify several countries in the credit framework, pushing the Soviet Union, East Germany and Israel into the relatively rich category from their present intermediate status.

But the European governments insist that the world's poorest countries be shielded from high borrowing costs by a cut in the interest they pay to 9.5 percent from 10 percent.

The ministers also said that Japan should be forced to charge more for its credits.

Italy Sees Advance In Pricing Talks On Algerian Gas

The Associated Press
ALGIERS — Italy's external commerce minister, Nicolas Capria, has reported "a step forward" in negotiations for the pricing of Algerian natural gas.

Mr. Capria left Algiers Monday night after three days of talks with Algerian officials about the price of the 12.4 billion cubic meters of gas that Italy wants to buy annually from Algeria over 25 years. The gas would be conveyed to Italy via a pipeline.

Before his departure, Mr. Capria said: "Significant convergences of views were reached on delicate questions of principle." The negotiations are expected to continue when the Algerian energy minister, Belkacem Nabi, travels to Italy next Wednesday.

The 1,550-mile (2,500-kilometer) pipeline linking the Algerian gas fields of Hassi R'Mel, Tunisia and Sicily was completed in 1981 but has never been used because of disagreement between Italy and Algeria over pricing.

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Control Data Is Thinking Small

(Continued from Page 13)

But for smaller companies, Control Data dominates a field that includes General Electric, Tymshare, ADP, Comshare, Boeing Computer and McAuto.

Having come up through the data-processing operation, Mr. Price, 51, said he expects services to be the hot market of the 1980s. The division's earnings have more than doubled in five years, to more than \$1.1 billion in 1981.

Services Spending

Accordingly, Mr. Price said that more than two-thirds of the company's marketing expenditures and half its technical spending are designed for the services business.

Control Data puts high hopes on expanding applications of Plato, its computer-assisted education system. Over the past 20 years the company has spent more than \$900 million to develop Plato, which it brought to market in 1976.

Students work with Plato lesson materials stored in the computer, responding to its instructions and answering its questions at their own pace. Courses range from third grade reading for children to Chinese calligraphy for adults.

General Motors uses Plato to teach workers how to use its assembly robots. General Mills trains its plant operators, Shell teaches seismic data interpretation, and Federal Express and American Airlines teach aircraft maintenance.

The read-and-respond teaching programs have been well-received,

How Control Data Ranks Among Manufacturers

Market	Rank	Market Share	Total Market (\$ Bn)
Peripherals	2	9%	\$15
Computer Services	1	4	15
Computer Systems			
Mainframes	7	2	19
Supercomputers	2	15	13

Source: Yankee Group

Control Data last year and in the first quarter this year.

"There's a bunker mentality in most of the computer companies," said Linden L. Berkheimer, an analyst with Dean Witter Reynolds. "They're all hunkering down and waiting for the market to turn. But Control Data is caught between the need to keep their balance sheet in shape and the need to fight off the Japanese."

Japanese makers of peripheral equipment are making a determined effort to crack the U.S. market, offering low prices that competitors are forced to match.

The slowdown in the mainframe computer business and competition from Japan are more long-term concerns than immediate threats. In response to the competition, Control Data has joined other U.S. companies to achieve economies of scale and to share technology by expanding research and development, to which it committed \$201.9 million in 1981, an increase of 10.4 percent from the previous year.

Control Data has cut capital expenditures and reduced its corporate travel budget and is applying pressure to collect its receivables more quickly. Still, the company expects its borrowing needs, made more acute by high interest rates, to increase by \$100 million this year, all of which it intends to raise in the commercial paper market.

The company is prepared to take tougher measures to protect profits, according to Mr. Price. "We don't rule out anything," he said. "When times are tough and you aren't growing as rapidly as you like, you look at everything."

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OBSERVER

The Big Scene Steal

By Russell Baker

WASHINGTON — The idea was to change the subject with a little presidential theater. Other presidents had tried it before Reagan and more often than not it hadn't worked. But then, none of those other presidents had been an actor in his salad days. With Reagan there was more reason for hope than there usually is when presidents go in for theater.



Baker

"We'll send him ahead and dazzle the audience," somebody in the White House said. There is a fairly rigid schedule governing the conduct of presidents when things aren't working. In Phase One, troubled presidents spend a year or so blaming the previous administration for the country's troubles. When this wears thin they move into Phase Two by blaming the press. In Phase Three they soar over oceans to faraway lands to be photographed looking vital and glamorous.

The theory is that the country, with its three-day attention span, will stop thinking of the president as the guy who balanced the Budget, put people back to work and saved them from bankruptcy, and start thinking of him as a dynamic leader standing tall in the capitals of the world.

Reagan's trip was frankly designed for this purpose. It was to be an exercise in media manipulation. It would be a triumph of shadow over substance.

It's only fair then that the Reagan trip be reviewed as a theatrical production. From this perspective, one can only sympathize with the president. His producers kept him cramped in a succession of palatial settings which did nothing to dispel the notion that he is most at ease with kings and fears the common touch.

His script for the big German speech was a weary retreat of 1950s rhetoric about the American shore line lying in Europe. An incredulous Charles de Gaulle walked out on that 25 years ago and took France with him.

The president's great scene with the pope would have been better

omitted. When the pope renders a courtesy unto Caesar, it is comedy of the most inappropriate order for Caesar to doze off. One sympathizes with the president, but the explanation that he was suffering—as all men do—from jet lag just won't do. Presidents are not supposed to be like all men. They are supposed to be always alert with finger poised at the button.

This untoward image was heightened by the coarse comedy interlude between his secretary of state and his ambassador to the United Nations, who let the world know they don't speak to each other on the telephone.

This was amusing enough, but it was really helpful for the secretary of state to announce that he doesn't interrupt the president's sleep to discuss sensitive issues involving his British allies? This left Reagan with nothing to do in the next scene but look well rested and ill informed when telling a spear carrier in the press corps that he didn't know anything about the vote involving his British allies.

At this stage the audience had had little to cheer about beyond Mrs. Reagan's strong supporting performance. Histories of political theater may record that the high point of this production was Mrs. Reagan's appearance in her Galanos knickers.

In spite of its misfires, the show might have come to a credible finale if Prime Minister Begin had not chosen to destroy the third act by sending the Israeli military into Lebanon, routing the Reagan production in the television ratings.

As an old theater cat, Reagan must be bitterly aware of what happened to him while he was holding the stage front and center. He was upstaged disastrously by Menachem Begin.

Every old trouper, including Reagan, knows better than to try to hold the stage against a child or a dog. For presidential performers, Menachem Begin has now proven he can be even deadlier.

In this reviewer's judgment the president had best put this flop behind him and go immediately into Phase Four. This is the phase in which the president, having blamed the previous administration and the press and having

Focusing on the Extremities

By Judy Klemesrud

New York Times Service

NEW YORK — When most people hear the words "fashion model," they probably envision a young woman under the age of 30 who has a beautiful face, a willowy figure and a big bank account.

But there are some models out there who are making six-digit incomes modeling only a part of their bodies. They are sometimes referred to as "parts models," and it doesn't really matter if their faces and figures are flawed. For this reason, some can continue to model well into their 40s. The parts they display include hands, legs, feet, hair, eyes, lips, teeth and even earlobes.

"For me it's a terrific job," said Lynn Thomas, a Ford model who is regarded as one of the city's leading foot models. "You don't have to worry about your hair or your makeup, and a photographer can't say, 'She looked tired today.'"

In 10 years, Thomas' feet have been photographed by the likes of Richard Avedon, Irving Penn and Hiro. She has dangled her feet from a 24-story ledge and reclined on a men's room floor in New York's Grand Central Terminal, "next to a dead roach," so a photographer could snap a photograph of her feet.

Painted Feet

She tells the story of one occasion when her feet were to be photographed for a layout for Mademoiselle magazine. A makeup artist painted the bottoms of her feet "with designs that looked like Calder," but as soon as she had finished, Thomas found she had to go to the bathroom. Since she couldn't walk, for fear of smudging the art, a hairdresser had to carry her there and back.

Thomas, like most of the other parts models, does not confine herself to foot work. Her face has appeared on magazine covers, and her body has appeared in lingerie advertisements. But she is recognized in the modeling and advertising worlds for her feet.

Other models whose parts make more than the sum of their wholes include Pat Tilley and Debbie Secunda, both hand mod-

els; Joyce Bartle and Deborah York, leg models; and Andie MacDowell and Marika, hair models. Of the male models, Greg Fortune and Bryce Holman are widely known for their hands.

Tilley, a 30-year-old model who earns \$200 an hour, has become something of a legend in the modeling business, thanks to the protective way she cares for her soft, slender hands. At home in Kearny, N.J., her husband, a microbiologist, does the dishes, the vacuuming and, Tilley said, "all cooking that involves putting hands in the oven," while she relaxes with rubber gloves after her manicure. Outside her home, Tilley tries to wear gloves at all times, "except in the heat of summer, when people treat me like I'm weird if I wear gloves."

When Tilley walks down the street, she never swings her arms for fear of hitting someone and harming her hands. In elevators, she holds her hands close to her body. When she makes a telephone call, she uses a pencil to dial the number. And when people try to shake hands with her, she withdraws her hands "for fear of the bone crusher."

"Sometimes I'll extend an elbow," she said. "People understand when I explain things to them."

Her precautions, plus the lubrication she applies to her hands at least a dozen times a day, have resulted in a pair of sought-after hands seen in advertisements for Revlon, Cover Girl, Piglet, Cartier, Avon, Coty, American Ex-

press, Perrier, Johnson & Johnson and Kodak. The March issue of American Vogue included four pages of Tilley's hands by the photographer Hiro.

Tilley reported that one of the hardest things about being a hand model is contorting her body to make it appear that her hands belong to the body of another model. She has supplied the hands for such models as Cheryl Tiegs, Lauren Hutton and Marisa Berenson, sometimes achieving the effect by wrapping her hands around the other model's body. If that doesn't work, she will often sit on the floor in front of the model, her hands raised above her head.

"Once in a television commercial for Revlon, I was sandwiched between a male model and a female model," she recalled. "I had to tie the man's bow tie and make it seem like the female model was doing it, without my being seen on camera."

When she stops modeling, Tilley wants to learn to play the piano and get down to her hobby of archeology. "I can hardly wait to dig in the dirt," she said.

Marika, a 23-year-old model who divides her time between Los Angeles and New York, first became known for her hair in a commercial for Jordache jeans, in which she danced the night away in a Manhattan disco, her long silky blond hair swinging in time to the music.

She has been in demand ever since for shampoo and hair-color work. She believes the reason her hair looks good is because she



Pat Tilley and hands.

NT

never applies heat to it. "I never use hot rollers, and I never blow-dry my hair, except in an emergency," she said.

When Marika is asked to pose with curly hair, she sets her hair the night before on "those little pink sponge curlers" and sleeps on them for 10 hours. Her husband, Danny Arguelles, a singer, doesn't mind, "because he loves me."

When Joyce Bartle was growing up in southern California, her mother called her Flamingo because she had long, skinny legs. Today she earns \$350 an hour as a Wilhelmina leg model, specializing in panty-boss and lingerie work.

Bartle was the girl in the advertisement for the James Bond film "For Your Eyes Only." Only the backs of her legs appeared, and she was wearing the bottom half of a skimpy lavender bikini and silver spike heels.

A former dancer, Bartle keeps her legs in shape by lifting weights every other day. Unlike Tilley, who is so careful about her hands, she frequently plays tennis and golf and rides a horse she recently bought.

But that is not to say Bartle doesn't consider her legs a valuable commodity. When she took up skiing recently, she increased the insurance she has on her body. Her coverage now stands at \$500,000.



Lynn Thomas and her valuable feet.

The New York Times

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